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The Value of Art: An Investigation of the ‘Value for Money’ Audit for the Performing Arts

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A project submitted to Middlesex University in
partial fulfilment of the requirements
for the degree of
Doctor of Professional Studies

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Abbreviations and Glossary

AD	Artistic Director
CHC	Culture and Heritage Commission
CMF	Chinese Music Festival
CPA	Committee on Performing Arts
CPU	Central Policy Unit
CUHK	Chinese University of Hong Kong
ED	Executive Director
HAB	Home Affairs Bureau, Hong Kong
HEFCE	Higher Education Funding Council for England
HKADC	Hong Kong Arts Development Council
HKAF	Hong Kong Arts Festival
HKAPA	The Hong Kong Academy for Performing Arts
HKCO	Hong Kong Chinese Orchestra
HKDC	Hong Kong Dance Company
HKFAA	Hong Kong Festival of Asian Arts
HKIAC	Hong Kong International Arts Carnival
HKIFF	Hong Kong International Film Festival
HKPO	Hong Kong Philharmonic Orchestra
HKRT	Hong Kong Repertory Theatre
HKSAR	Hong Kong Special Administration Region
INTOSAI	The International Organization of Supreme Audit Institutions
KPI	Key Performance Indicators
LCSD	Leisure and Cultural Services Department
LegCo	Legislative Council
MA	Master of Arts
NAO	National Audit Office
PAC	Public Accounts Committee, a subcommittee of the LegCo
PRC	People's Republic of China
UC	Urban Council
UNESCO	United Nations Educational, Scientific and Cultural Organization
USD	Urban Services Department
VFM	Value for Money
WKCD	West Kowloon Cultural District

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Abstract

Measuring the value of art and assessing the success of performing arts organizations have been a global concern in the creative industry for the past few decades (Pidd, 2012; Ellis, 2003; Reeves 2002). The complexity of art, by its nature, makes it difficult to come up with the ideal measuring system. The ‘value for money’ (VFM) audit has been widely introduced in many government departments and non-profit organizations. However, whether the VFM method can be proclaimed as an appropriate form of measurement of the value of a performing arts organization is yet to be explored. This leads to the objective of this project, that an investigation will be undertaken to see if the VFM method is appropriate and effective for the performing arts industry.

Various research materials such as the VFM manual and reports were examined to enhance my understanding of VFM practice. Comparisons were made, reviewing local professional practice from the perspective of the HKCO and other practices on a global scale, and underpin this research. The VFM report of the HKCO, the first VFM study of a performing arts organization conducted in Hong Kong by the Audit Commission in 2009–10, serves as a case study of this research approach. Objective data were collected through surveys, focus group discussions and in-depth semi-structured interviews. With the use of a combination of qualitative and quantitative research, using both fieldwork and desk research methods, a balanced outlook on this matter was achieved.

The contribution by a performing arts organization that operates in an innovative and creative industry is intangible and difficult to measure. Arguably, the value of art can be understood in many ways, not just in monetary terms. Currently, there is no specific format for reporting or conducting processes in a VFM audit. The design of the methodology and means of interpreting data in the context of the performing arts industry becomes a key

issue in a VFM audit. It is vital for members of the audit team to have a thorough understanding of the arts, and also the operation of the arts industry, before drawing conclusions and recommendations. Otherwise, what is revealed to the public through the audit report may be filtered by misleading interpretations.

This research has concluded that VFM audits fail to reflect a full picture of the value of a performing arts organization. The desired solution is an appropriate methodology for a VFM audit appropriate to context to avoid the public misjudging the value or success of a performing arts organization and undermining its reputation and the trust the public has placed in it. Should there be a VFM audit conducted on a performing arts company in the future, the term ‘management audit’ or ‘operational audit’ may be preferable to ‘value for money audit’.

Chapter 1 Introduction

1.1 Title and Objectives of the Project

While it is a common practice to measure the value of art in monetary terms, for example the market price of artwork at auction or the box office takings for a performance, Kilianski stated in his article 'The Value of Art' that art is 'a value for the release of emotions and the expression of ideas' (Kilianski, 2002, p.1). Different people have different perceptions of the value of art. Some people consider the value of art in monetary terms, while others may think that the greatest value of art lies in its social, emotional and psychological worth. In short, art has extrinsic as well as intrinsic value

(http://hettingern.people.cofc.edu/Aesthetics_Fall_07/Davies_Ch_8_Value_of_Art.htm, accessed 26 February 2015). Since different people perceive the value of art in various ways, it is difficult to define and establish a system to measure it.

In my 27 years' experience as an art administrator in the arts industry, I have noticed that it is a challenge to measure the value of an arts organization, besides that of art. Arts administrators, funders and audience have been in this dilemma for decades (Turbide & Laurin, 2009). What is an appropriate method by which to measure the value of an arts organization? On the one hand, funders and leaders of the organizations need to justify spending public money, but on the other hand they clearly understand that, while the arts are simple in origin, at the same time they are too complex to pin down to a definition and therefore are very difficult to measure (Foster, 2009). It has been a continuous struggle for arts organizations and funders to come up with a system to measure their success.

With an interest in finding out more about a measuring system appropriate for an arts organization, I pursued a work-based learning Master of Arts (MA) on the strategic management of non-profit distributing organizations. I finished the project in 2006. The title of my research project was ‘Development of a Key Performance Indicators Framework for Non-profit-distributing Organization, Taking HKCO as an Example’. Through the exploration and development of a key performance indicator framework for non-profit-distributing organizations, I gained knowledge and insight into their strategic management. The findings confirmed that the key performance indicators (KPI) framework of a non-profit-distributing organization such as the HKCO should consist of both qualitative and quantitative elements. It is worth noting the intangible value of a non-profit distributing organization’s contribution to the community and to the development of the art form. Other measuring methods such as the Kaplan balanced scorecard were also examined through the use of collected primary and secondary data.

My research findings were that the four areas of Kaplan’s balanced scorecard – learning and growth, customer, financial and internal business process – could be applied to the KPI framework of a performing arts organization. Moreover, I found that the framework should be a self-assessment tool that ties in with its mission. I shared the project results with international consultants in their respective areas, policy makers and other arts administrators when I gave lectures at universities and delivered speeches at international cultural summits. The project results also served as reference material for the consultancy firm engaged by the Home Affairs Bureau (HAB) to conduct a study in 2009 on the funding mechanisms for the major performing arts organizations in Hong Kong. The process enhanced my knowledge in this area and stimulated my interest in investigating different methods of measuring the success of a

performing arts organization, for example the VFM audit.

This doctoral project was inspired by the audit report of the ‘Value for money’ (VFM) audit of the HKCO conducted by the Audit Commission of Hong Kong. This was the first ever study of its kind conducted on a performing arts organization in Hong Kong. When the audit report was released in 2010, heated debate was generated in both arts circles and the community. The comments and recommendations in the report were controversial and critical of the arts industry in Hong Kong. This led to my interest in making further analysis of the VFM audit to investigate whether the method is an appropriate measurement of a performing arts company. The title of my doctoral project in partial fulfilment of the requirements for the degree of Doctor of Professional Studies (Creative Industries) is ‘The Value of Art – An Investigation of the “Value for Money” Audit for the Performing Arts’. The other three modules that I completed for this degree programme are ‘DPS Accreditation’ (Credit Level 7), ‘Review of Previous Learning’ (Credit Level 7) and ‘Planning a Practitioner Research Programme’ (Credit Level 7), making a total of 180 credits. This doctoral project (Credit Level 8) will contribute 360 credits to the required total of 540 credits.

1.2 Rationale of the Project and the Insider–Researcher

1.2.1 Rationale of the Project

The VFM audit of the HKCO generated waves of arguments across the city. As executive director (ED) of the HKCO, I experienced the whole audit process from being informed by a telephone call to the completion of the follow-up report submitted to the Public Accounts Committee (PAC) of the Legislative Council (LegCo). When the VFM audit of the HKCO was over, I was invited by many universities to share my experience at lectures for students in faculties of music and arts administration.

Through sharing and reflecting on the case, my interest in undertaking a research project on this interesting and controversial topic accelerated. Not only would the project result provide constructive information for all stakeholders to help them to comprehend the analysis in the VFM method; it would provide a valuable future reference for the creative industry and foster its development. The research result would shed light on various issues when VFM studies were conducted on other performing arts companies in future. The purpose of this research is not to absolve the HKCO of any blame in the debate that arose from the audit report. Rather, I hope that the research will seek to establish what the HKCO did or did not do and the underlying rationale.

1.2.2 The Insider-Researcher

My practical experience of the arts industry and my present post as the ED of the HKCO place me in a unique position to undertake research on this particular issue in depth. In addition to special insider knowledge of the issue, I have ready access to people and information that can further enhance the knowledge. During my tenure of over 27 years in the performing arts industry, I have gained knowledge through formal learning and hands-on practical experience. I have also learnt conceptual skills that enable me to manage my work in a creative and professional manner. Formal learning from professional courses in arts administration, corporate governance and company direction have provided me with the fundamental knowledge and theory for reflective learning. I have gained practical knowledge and technical skills about arts administration through organizing various productions and events when serving different arts-related offices. These include the Hong Kong Repertory Theatre (HKRT), Hong Kong International Film Festival (HKIFF), Hong Kong Festival of Asian Arts (HKFAA), Chinese Music Festival (CMF), Hong Kong International Arts Carnival

(HKIAC) and HKCO. Of these, the HKCO is the only one to have undergone a VFM study. My background in different arts-related roles has enabled me to interpret the findings objectively, yet in a focused manner.

When the HKCO changed from being a government body to a limited company by guarantee in 2001, I was appointed by the HKCO council to be its first ED. My role as an arts administrator in a government sector ended when I tendered my resignation from government service in 2001. The decision was a critical turning point in my career and has enriched my knowledge in arts administration through serving under different governing bodies. Under the stewardship of the HKCO council, I worked closely with the artistic director (AD) to lead the orchestra through the process of corporatization. Corporate governance and management guidelines were established to facilitate its future growth and development. My professionalism and leadership skills were pushed to the limit. The HKCO was exposed to new threats and challenges during the process of incorporation in 2001.

Since 2001, the HKCO has developed into an entity that not only organizes regular orchestral concerts and ensembles but arranges arts education activities, conferences and competitions, as well as research and development. Approaching this new era of development, both the artistic and administration staff of the orchestra worked at full speed on the orchestra's mission and visionary core values. We worked to stimulate a creative atmosphere in which our artistic team could take risks and develop new approaches and productions. I experienced the shift in the HKCO and witnessed its transformation, attaining the status of 'cultural ambassador of Hong Kong'. As the flagship Chinese orchestra in Hong Kong, it operates with an annual budget of HK\$71M, with a HK\$58M contribution from the Hong Kong government in 2013/14

(HKCO, 2014). The scope of its activities since 2001 is given in Appendix I (Appendix I — Scope of Activities and List of Awards of HKCO after 2001).

From my unique position as the first ED of the HKCO and with the invaluable experience gained during my service in the arts industry of Hong Kong, I witnessed major changes in the arts industry alongside the corporatization process of the HKCO. Serving as an arts administrator in the creative industry, my ability to be creative and innovative, and to explore the current limits and possible extensions of my organization are challenged. Undertaking this unique role reinforced my knowledge in relation to this research project. At the same time, it gave me the authority and commanded the resources for my DProf study programme. I have a finger on the pulse of both the HKCO and global trends in the development of Chinese orchestral music. With this strong relationship to the creative arts industry of Hong Kong, I am confident that, as an insider–researcher, I can conduct my DProf project to contribute insight to others in this area.

The research process provided an effective platform for me to assess and reflect on my experience and knowledge. In the course of my research, I delivered lectures and talks at universities and world cultural summits. My participation in the Chief Executive Program (2011–13) organized by National Arts Strategies in the United States also provided me with a resourceful network to gain insightful and innovative ideas from professors and practitioners from other countries. Through sharing views from a global perspective in formal and informal conversation, useful input was made to this project. Due to my unique position at the HKCO, the project findings will definitely advance my own interests, those of the organization that I am serving, policy makers, the general public and the professions in the arts industry. This research result will be

especially useful and important when similar studies are conducted on a performing arts company, either locally or internationally. I am in a prime position to investigate and make changes to a practice situation. As an insider, I am able to unravel and comprehend various complex issues in this field.

1.3 Definitions

1.3.1 The Definition of Art Used in this Project

Culture can be defined in various ways and has long been a controversial topic, within and outside the arts industry. The social environment of a society and the cultural literacy of the people living within are inter-related (Holden, 2006). UNESCO defined ‘culture’ at its world conference on cultural policies at Mexico City in 1982, and this definition is widely accepted by the arts industry in Hong Kong:

Culture is the whole complex of spiritual, material, intellectual and emotional features that characterize a society or social group. It includes not only arts and letters, but also modes of life, the fundamental rights of human being, value systems, traditions and beliefs. Whereas cultural policy should be taken to mean the sum total of the conscious and deliberate usages, action or lack of action in a society, aimed at meeting certain cultural needs through the optimum utilization of all the physical and human resources available to that society at a given time. (UNESCO 1982)

As defined by UNESCO, culture can mean the sum total of the value systems, traditions and beliefs in a society. Culture is the core value system and traditional belief of a society (Rose, 1977; <https://www.tamu.edu/faculty/choudhury/culture.html>, accessed 23 July 2015).

As does Holden, in this project I simply refer to culture as the classical arts, such as opera, music, ballet, literature, painting and so on (Holden, 2006). No matter whether

we are referring to everyday culture, high art, popular art or spiritual art, art is closely connected to society's identity, political and economic environment (Radbourne & Fraser, 1996). The economic condition of a country has a profound influence on the direction of cultural (art) policy at local, national and international levels (Hagoort, 2003).

The development of the arts in society is heavily influenced by the way that policy makers, corporate decision makers, the media or even the general public perceive the value of art. Art is tremendously complex and multifaceted. The concept of art is frequently seen to be too difficult and complex to grasp. Sometimes it is hard to pin down a definition or provide a simple description of art. However, by contrast, when we go back to the origins of art, it is simple. Art was associated with a form of moral betterment and spiritual development. Scholars have attempted to give answers to questions such as when art first came into human lives, and why some works are regarded as works of art and some are not. According to Fischer, 'Art appeared when there was mankind. Art is almost as old as man, as art was used as a tool for human expression. When there was man, there was tool and there was art' (Fischer, 2010, p.11). 'At an exhibition held at the Royal Academy in London in 1995, there was a hand axe, made some 600,000 years ago' (Harrison, 2009, p.31). The exhibition catalogue expressed how the workmanship of such object 'goes well beyond functional requirements', indicating the development of 'an aesthetic sense' in the culture of the suggested period. Though this instance refers to art as a kind of tool for human expression, art is not only in material goods or crafts but other forms of expression through the human body, such as dance and music. For example, our ancestors danced and sang whenever their souls were awoken by nature. This was just an expression of their feelings and emotion in daily lives. The arts include literature (poetry and novels),

the performing arts (music, dance and theatre), media arts (photography and cinematography) and visual arts (drawing and sculpting).

1.3.2 The Definition of Value

Similar to the lack of consensus on any single definition of culture or art, there are different interpretations of 'value'. As with 'art', the meaning of the term 'value' can often be unclear and confusing. There are many differences in its use and interpretation.

Blaug et al. (2006, p.23) describe the multifaceted nature of value as follows:

To some it means economic value – how much a product or service is worth relative to other things as indicated by its price. Value can also relate to preferences and satisfaction with a particular service at a specific point in time. Finally, values such as security and integrity derive from moral and ethical debate and will always be hotly contested.

Holden classified the value of art into three types: intrinsic value; institutional value; and instrumental value. The overlap of his 'value triangle' (Holden, 2006, p.31) and 'relationship triangle' (Holden, 2004, p.21) offers a very clear and precise description of how each type of value is prioritized by which group of stakeholders in the performing arts industry. It is true that the three types of values are not mutually exclusive but complementary. The combination of these three values forms the basis of an equilibrium triangle; in other words, over-emphasis of one side will destroy the equilibrium state. It is true that it is vital for a performing arts organization to strike a balance in its programming and development. Over-emphasis of entertaining the market or politicians will influence the artistic vision of the organization. The recent cultural policy introduced in China is an example of how such instability is problematic. During the latest Plenary Session of the 17th CPC (Communist Party of China – CP) Central Committee in 2011, China's leaders resolved on a strategy to

make China a ‘culturally strong nation’. This was believed to be achievable by elevating the economic contribution of the cultural sector: ‘Ai Weiwei and Nobel prize-winner Liu Xiaobo suggest that the CP’s implication is to keep control over the content of these new, improved cultural products’ (Glucksmann-Smith, 2011). By urging a more market-driven direction, a sense of control over the arts restricts artistic freedom of expression. Therefore, occupying and controlling the worthiness of a production affects the way that the public sees the content. The intrinsic value gained from the experience is then restricted and the content cannot be seen to its full potential.

This brings me to my concluding point, that appropriate factors to sustain the balance in Holden’s triangle are vital. Cultural organizations should critically assess and evaluate themselves to enhance their value in all aspects, leading to the correct pathway to success.

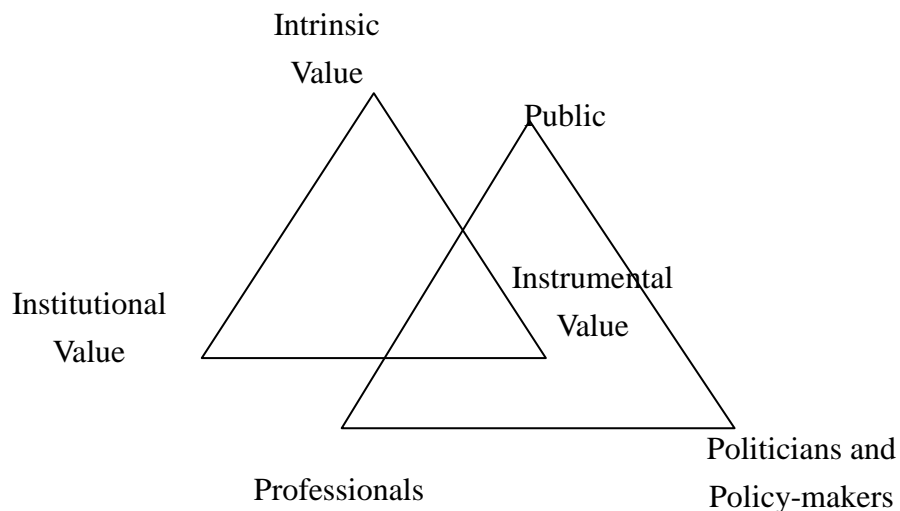


Figure 1: Holden’s Value Triangle and Relationship Triangle

When the general public (audience) attends a performance, how it feels about the performance as an experience is tricky to articulate or measure. The value that it experiences is an intrinsic value. One's judgment about the quality of art is influenced by one's personal, intellectual, emotional and spiritual relationships, and even the moment or environment when one experiences the art. Therefore, these abstract concepts will differ for every individual, and be unique to one's background and personal level of enjoyment. In other words, art is subjective. It is not unusual that different audiences will have different personal feelings about the same performance. This can be a problem in the process of defining a form of measurement. Thus, it is difficult to 're-establish a convincing and serious language to talk about the way in which culture moves us' (Holden, 2006, p.15). It is difficult to measure the value of art solely from this aspect.

In today's modern society, with scarce funding for the arts, it is necessary to speak the same 'language' as the politicians and the government. The expression of intangible issues such as artistic quality and excellence should be emphasized so that people know what is meant by good arts or bad arts, what is popular culture and what is classical art. However, it is not an easy task to secure support from the government solely from this perspective. Contrary to subjective viewpoints and interpretations, in the eyes of funders art is a tool to accomplish other purposes, such as social, political or economic matters. In other words, improving box office income, increasing sponsorship or attracting impressive audience figures are the values that are of tremendous interest as justification of the allocation of funding to the cultural sector. It has become so overwhelmingly significant that the other values are often overlooked, or even forgotten. Most importantly, if these types of values are overemphasized, the original function of art will be overlooked.

The kind of value that artistic professionals treasure most highly and want to deliver through their productions is 'institutional value'. This kind of value is the techniques that cultural organizations adopt to create and define value for the audience. The attitude and practices that are engaged in within this process will be rooted in the ethos or core values of the arts organization. The role of expert opinion becomes a huge influence on how the public identifies value.

By overlapping Holden's two triangles, we can clearly identify the relationship of those who play a role in culture (Holden, 2004). The general public has the immediate tendency to embrace the intrinsic value of art, because the experience and fulfilment is its fundamental reason for being engaged in the art activity, while politicians and policy makers, at the other corner of the triangle, view art as a social tool and pursue its instrumental value. When people attend a concert, their reaction is straightforward and simple. Whether the music touches their heart or not, their response is direct and will give a remark such as 'Bravo!' if they are impressed, whereas politicians and policy makers look for quantifiable value. When they watch a play, they have a question in mind such as whether it will promote tourism or have a positive economic effect. As for professionals, they consider the artistic impact and creativity as part of the institutional value. They will assess the impact of the project on the long-term development of art in society.

Nevertheless, no matter whether we are talking about the intrinsic value, institutional value or instrumental value, the complexity of art and its value are a subject that provokes debate. Though art was once simply an expression of feeling or emotion of humankind, in the modern, competitive world today, art becomes more complicated. Fischer believed that it was capitalism that brought competition to art (Fischer, 2010,

p.49), remarking:

The Artist in the capitalist age found himself a highly peculiar situation. King Midas had turned everything he touched into gold: capitalism turned everything into commodity. Capitalism destroyed all direct relationships between producer and consumer, and put all products on to an anonymous market to be bought or sold. Previously, artisans had to work to order for a particular client. The capitalist would now work for unknown buyers. Her products were swallowed up in the competitive flood. In such a world, art, too, became a commodity and the artist a commodity producer. The work of art was subjected more and more to the laws of competition.

Art might have been a personal and desired experience, in the past. However, individual pleasure is no longer something of interest to politicians or funders. They are more concerned about whether art experiences will have a measurable effect on economic growth and how they contribute to the community at large. The function of art no longer serves only as a release of emotions and expression of ideas. From the funders' perspective, the value of art grows when there is a larger audience, because this increases the direct beneficiaries. The value of art being assessed in quantitative manners becomes normal – for example, a painting's relationship with its auction price, or a stage performance with its box office income, funding support and sponsorship. A work of art is subjected to the laws of competition (Fischer, 2010). Bearing this in mind, the value of art in terms other than its economic figure, such as corporate sponsorship or box office income, can easily be misunderstood and forgotten.

It is a challenging task for the arts industry to serve a promising number of beneficiaries in a competitive environment. Even though art practitioners may have to produce popular arts pieces to please the audience, the personal experience value and its contribution to society remain lasting ones. Having an awareness of market competition in order to secure recognition from funders for sustainability does not

mean that the art's emotional value is disregarded. John Tusa, former managing director of the Barbican Centre in London, highlights that the aesthetic quality should be the essential category for value judgment:

Mozart is Mozart because of his music and not because he created a tourist industry in Salzburg or gave his name to the decadent chocolate and marzipan Salzburger kugel. Picasso is important because he taught a century new ways of looking at objects and not because his paintings in the Bilbao Guggenheim Museum are regenerating an otherwise derelict northern Spanish port. Van Gogh is valued because of the pain or intensity of his images and colours, and not because he made sunflowers and wooden chairs popular. Absolute quality is paramount in attempting a valuation of the arts; all other factors are interesting, useful but secondary. (Tusa, 1999, cited in Reeves 2002, p.36)

Chapter 2 Contextualization of the Study

2.1 The Cultural Aspects

Art sectors around the world have been facing the same conundrum of presenting their value in a way that can be understood by policy makers and funding parties (Freedman, 1986). Though many countries have tried to deal with the question of aesthetic judgments on art by ‘arm’s length’ bodies such as arts councils or setting up specific committees, it is still an enduring issue for many funding bodies and art organizations to come to a consensus on a measuring system that both parties feel comfortable with. This is a longstanding dilemma between the art industry and policy makers (Throsby, 2010). In my experience, many officials often perceive the value of the art or arts organizations by considering their instrumental value in order to justify spending public money on them (Foster, 2009). Funding the sector is justified on the basis of economic considerations, employment activities or their contribution to local area regeneration, for instance. Most attention is paid to the contribution by the arts in terms of economic influence on the gross domestic product of society (Arts Council England, 2013). However, the value of the arts cannot be measured purely by standard financial tools and language.

Jordan and Weedon state: ‘Culture is not a separate sphere, but a dimension of all institutions – economic, social and political’ (Jordan & Weedon, 1995, pp.1–10). In addition to the personal ‘quality of life’ belief, arts bring forth social benefits such as community engagement, coherence and interaction, as well as making a contribution to other public issues such as education, health, home affairs and foreign policy (Hewitt, 2006). The function of art has developed over time and moved beyond its most fundamental portrayal as an expression of emotions and feelings (Holden, 2004, 2006).

Art and people in society are closely connected: they do not stand alone, but are dependent on each other. The direct measurement of economic results and figures often does not coincide or is not relevant in gauging art's actual impact on the development of a city, its ability to smooth social conflict or to release emotion (Gun, 2015). Movements led by social and cultural conflict can often be a catalyst for transforming conflict into a space for creativity and innovation.

2.2 Historical Dimension that Impacts the Current Context in HK

Historic events have always exerted an impact on a city's cultural development, and those in Hong Kong are no exception. We can see below how the cultural scene of Hong Kong was influenced by two remarkable historic events: (1) the riots of 1967; and (2) the handover of Hong Kong to the authority of the People's Republic of China government.

(a) Between the 1960s and the 1990s

The colonial government maintained a laissez-faire policy to domestic Hong Kong affairs before the 1960s. The cultural policy of Hong Kong was passive and non-interventionist.¹ The government was only concerned about people's livelihoods and the economy. Britain's main interest was to keep Hong Kong secure, and to enhance trade and commerce (Butenhoff, 1999), and it was therefore given the epithet of a 'cultural desert' (CUHK, 1989). It was not until 1962 that the first multi-purpose cultural venue, Hong Kong City Hall, was established.

¹ Different modes of implementation of cultural policies: (a) Prescriptive Policy-Cultural development led by government; the content and form of culture and the arts being regulated; artistic creation and presentation being controlled; (b) Descriptive Policy-Government does not set specific targets, nor define the arts, but allow pluralism. Allocation of resources is made by consensus to facilitate an efficient system in supporting the arts under the principles of openness and accountability; (c) Reactive Policy-Support and advice are provided only when the need arises (Cultural Policy Development of Hong Kong, presented by HAB on 24 April 2006).

The riot of May 1967 was a significant historic event that influenced the cultural development of Hong Kong. It is recognized as one of the most remarkable events and plenty of footage can be located on the web. The riot was commonly regarded as a watershed for the community. The initial riots were simple labour disputes at shipping, textile, cement companies and the Hong Kong artificial flower works. In May, a labour dispute broke out in an artificial flower factory in San Po Kong, Hong Kong. Picketing workers clashed with management and the police were called in. Later on, unrest broke out in violent clashes between the police and workers. It is arguable whether the riots were purely a labour dispute or an action of pro-communist leftists in Hong Kong who wanted to stand against British colonial rule. From then, the British Hong Kong government sped up the promotion of cultural activities. This was a method to nurture the hearts of people in Hong Kong. At the same time, it was a strategy to divert people's attention from political issues by means of cultural activities (Cheung, 2000). However, the cultural programmes at that time were mainly Western classical arts, hosted and sponsored by the Urban Council (UC) in Hong Kong.

The UC was first established as the Sanitary Board in 1883 and has gone through various changes in its governing activities, voting systems and reforms. In 1973, the council was reorganized under non-government control with financial autonomy, which meant that the budget could be planned without the approval of the LegCo. Since then, there have been no government officials on the council, and both the chairman and vice-chairman are elected from the 24 members. The council was made independent of the government and was the only one to consist solely of members of the public. With urban rates as its financial source, over the years the UC provided a spectrum of services to the Hong Kong people. After the removal of housing from its

main tasks in 1973, its services included: recreational venues and activities; libraries; museums; entertainment venues; ticketing; wet goods markets; hawkers' registration and control; cremation; cleaning; issuing licences; hygiene; and butcheries. UC has played a significant role as a funding and governing body in the history of the development of arts activities in Hong Kong (Marshall, 1985).

In this political environment and with the reorganization of the UC, the arts industry flourished during the 1970s and 1980s. Various professional performing arts companies such as the HKCO, the HKRT, the HKDC and the Hong Kong Academy for Performing Arts (HKAPA) were all established at this time, when a sufficient number of people in the population had obtained training in various art forms such as dance, Western music, Chinese music, drama and technical arts disciplines. Many cultural facilities were completed in this period to offer venues and support for these local art activities. Major venues included the Hong Kong Coliseum, Sha Tin and Tuen Mun town halls, the Hong Kong Cultural Centre, the Sai Wan Ho Civic Centre and other community centres. With sustained government funding and support, a base of established arts companies began to blossom. Budding young artistes and performing groups emerged to form a growing and diverse arts scene. It was a momentous and compelling change for Hong Kong's arts and culture (Development of Hong Kong Arts and Cultural Policy 2006: LegCo Paper CB(2)/1686/05-06(01)). (Appendix II – List of Arts Organizations Set up during the 70s and 80s; Appendix III – List of Venues Established during the 70s and 80s)

(b) After the Handover of Hong Kong in 1997

When British sovereignty of Hong Kong was officially transferred to the People's Republic of China (PRC) in 1997, most of the practitioners were worried about

interference by the PRC government in freedom of expression in the arts. Nevertheless, the arts industry continued to enjoy artistic freedom. However, the newly established Hong Kong Special Administrative Region (HKSAR) government has since started a broad review of the cultural policy and cultural administrative system.

Before 1997, UC was a municipal council, and was responsible for Hong Kong Island's and Kowloon's municipal services, while its equivalent body, the regional council, was responsible for those of Hong Kong's New Territories. It was the executive branch of the council to implement policies and services. After the transfer of sovereignty in 1997, the name was changed to the Provisional Urban Council, consisting of members of the pre-handover UC and new members appointed by the chief executive. The Provisional Urban Council, together with the provisional regional council (its equivalent in the New Territories), vanished on 31 December 1999. Back then, Chief Executive Tung Chee Hwa streamlined and centralized municipal services as part of his government's policy reforms. Two new government departments were then created to take up the functions of the two councils. They were the Food and Environmental Hygiene Department, dealing with issues relating to environmental hygiene, and the Leisure and Culture Department² (LCSD), under the Home Affairs Bureau³ (HAB), responsible for issues to do with culture and the arts in Hong Kong. In addition, in 2000 a new authority, the Cultural Heritage Commission (CHC), was created to address the issue of establishing long-term cultural development in Hong Kong. The

² The Leisure and Cultural Services Department, under the Home Affairs Bureau, is a department in the government of Hong Kong. It provides leisure and cultural activities for the people of Hong Kong, which was also one of the roles of the two former Municipal Councils. Please see http://www.lcsd.gov.hk/en/about_mission.php for more details of its mission and values.

³ The Home Affairs Bureau is a policy bureau of the Hong Kong government. In addition to enhancing liaison and communication with all sectors of the community including the Legislative Council and the general public, one of its roles is to fund cultural activities and arts groups in Hong Kong. (www.hab.gov.hk)

CHC was set up to give advice on cultural policy and funding priorities. Its Policy Recommendation Report, submitted in 2003, was adopted as the blueprint for Hong Kong's cultural policy (CHC Consultation Paper, 2002).

Hong Kong was on a search for a new identity in arts and culture after the handover in 1997. As one of its ways to do so, the government launched a rebranding of the Hong Kong Campaign in 2001. Using 'Asian World City' as the destination brand of Hong Kong, the government positioned it as a vibrant city with versatile attractions including shopping, dining, festivals, cultural and heritage, although it had more commonly been known as a leading world financial centre associated with finance and a shopping paradise, not culture and heritage. Due to its colonial background, Hong Kong is a unique blend of West and East. The government has been providing support both to classical culture with traditional values and to avant garde art forms. It is unfortunate that an understanding of culture and the arts is limited to a small group of people. CHC stated its findings:

the mass media in Hong Kong enjoys a high degree of freedom and independence as it operates on free market principles. Local popular culture has grown to be highly independent as it operates on free market principles. Local popular culture has grown to be highly commercialized. With little interaction between popular culture and high culture, the latter has become a minority pastime. This has hampered the overall development of culture and the arts in Hong Kong. (CHC Consultation Paper 2002, 2002, p.7)

CHC ended in 2003 after finishing its consultation report, and a new committee was set in 2004: the Committee on Performing Arts (CPA). As a follow-up action, it was set up to give advice to the Secretary for Home Affairs on the provision of performing arts services, in line with the CHC's recommendations. Another recommendation report was submitted to LegCo in 2006. Besides the report, a seed fund of three billion HKD

was approved by LegCo for arts and sport development. The investment returns would then be distributed equally to provide sustainable resources for the long-term development of the arts and sport in Hong Kong. The CPA was dissolved in 2010 when a new Advisory Committee on Arts Development was set up to follow recommendations by CPA and advise the Secretary for Home Affairs on matters relating to local arts development.

From the above, we can see vigorous changes in the cultural administrative system of Hong Kong after the handover in 1997, instead of political interference in the creation of the arts. Rather than a stable macro-environment to develop, arts administrators and artistes were heavily engaged in attending various consultations and meeting members of committees to provide further information on the work of their respective arts organizations.

CPA remarked in its 2006 recommendation report that there was a need for a ‘more level playing field’ to determine funding. The establishment of a common assessment mechanism and set of assessment criteria were deemed necessary for the nine major performing arts organizations⁴ receiving government subvention in Hong Kong. Funding bodies in Hong Kong such as the Hong Kong Arts Development Council (HKADC) and the HAB had already established the assessment system to assess the work of arts organizations that receive financial support from the government.

⁴ To follow up the recommendation made by CPA, the four flagship performing arts companies, namely the Hong Kong Repertory Theatre, the Hong Kong Chinese Orchestra, the Hong Kong Dance Company and the Hong Kong Philharmonic Orchestra, combined with the other six medium-size performing arts companies supported by the Hong Kong Arts Development Council (HKADC). These became the 10 major performing arts companies in Hong Kong in 2007. The six performing arts companies originally subsidized by HKACD are the Chung Ying Theatre, the Hong Kong Ballet, the City Contemporary Dance Company, the Hong Kong Sinfonietta, the Theatre Ensemble and Zuni Icosahedron. One year after, the Theatre Ensemble withdrew from government recurrent subvention. The nine major performing arts companies have been receiving a consolidated grant from HAB since 2007.

Nevertheless, HAB engaged a consultant in 2009 to undertake a study into the funding mechanism for the major performing arts organizations in Hong Kong. The main objectives were based on the broad principles of advancing the development of the arts sector and arts in the community at large, better accountability for the use of public money and enhancing fairness, openness and transparency, as well as seeking advice on matters relating to the funding policy for performing arts. The emphasis on assessment was extended from ‘output’ evaluation to ‘impact’ evaluation. This took into account the tangible and intangible results of the work of each group, such as its capacity for audience building and sponsorship, the effect of its work on the community at large and the contribution of its work to the international image of Hong Kong, and were included as part of the assessment (CPA Recommendation Report (1), 2006).

2.3 The Field in Which I Operate

During the period 1960s–90s, the government made a tremendous effort to develop the arts in Hong Kong. This was in respect of the infrastructure and the establishment of professional arts bodies (Appendixes II and III). Under a stable macro-environment, the arts industry grew and developed steadily. After British sovereignty, Hong Kong officially transferred from the UK to the PRC government in 1997 as a special administration region. The newly established Hong Kong Special Administration Region (HKSAR) government started a broad review of the cultural policy and cultural administrative system (Development of Hong Kong Arts and Cultural Policy 2006: LegCo Paper CB(2)/1686/05-06(01)).

In the twenty-first century, the funding source for arts and culture in Hong Kong changed from UC to HAB. Although HAB remained the controlling body of all

funding for the arts and culture, the art industry operated in a shaky environment. Instead of concentrating on the work of fulfilling their artistic visions, art practitioners were kept busy attending consultation meetings with members whenever a new committee was set up. The focus of arts practitioners was on explaining the history and work of their company in order to justify its value, and winning the trust and support of the newly established committee.

In the context of arts administration profession, due to the fact that most of the cultural facilities and performing arts organizations are government-owned entities, most of the personnel working in this industry are government servants. The government was only aware of the importance of nurturing arts administration professionals when the West Kowloon District Development Plan was introduced. The Hong Kong Tourism Board conducted a survey of tourists visiting Hong Kong in 1996. Data collected from the survey suggested that many of the tourists thought that Hong Kong was lacking cultural opportunities. The then Chief Executive, Honorable Tung Chee Hwa, reflected on the feedback and confirmed the development of the West Kowloon Cultural District (WKCD) project in his 1998 Policy Address (Chief Executive Policy Address 1998, paragraphs 44–47). With a view to promoting more attractions to tourists, Tung aspired to cultivate Hong Kong's image as the Asian centre of arts and culture, and of entertainment and sporting events. The original concept was hardly remembered and the project was overturned in 2006 due to LegCo's and public's questioning of the finance models and planning. The project was put back on track later in 2006, despite endless criticism and debate across various sectors of society.

WKCD boosted the cultural and entertainment establishment in Hong Kong. WKCD, as mentioned in Section 4(2) of Part 2 of the West Kowloon Cultural District Authority

Ordinance (2008), and aimed to be seen as an indication of the government's recent articulation of cultural policy. (Appendix IV – Objectives of the WKCD Project)

To cope with the development of WKCD, the government made a tremendous effort in a breakthrough of cultural and arts development in Hong Kong. The current Chief Executive Honorable Leung Chun Ying put further emphasis on this in his 2013 Chief Executive Policy Address about strengthening arts administrators' training. It was stated in paragraph 183 that:

With strong support of the Government, local arts groups and organizations have flourished in recent years, leading to a growing demand for arts administrators. The phased completion of cultural facilities of the WKCD will add to the demand. Additional funding of \$150 million will be allocated to strengthen the training of arts administrators with different levels of experience in the next five years, including internships, further studies and diversified professional training.

In the past, there were only a few arts administrator training courses that were jointly organized by the USD with local or overseas education institutions. Fortunately, with the introduction of the WKCD project, in recent years many institutions and associations have organized specific programmes focusing on cultural management and creative entrepreneurship. Programmes include 'Hong Kong Scholarship on the Clore Leadership Programme',⁵ launched by the HKADC with the UK Clore Leadership Programme. Funded by HAB, the scholarship aims to nurture creative talent in Hong Kong. Various types of courses are offered, ranging from diplomas to bachelors, masters and postgraduate diplomas, both part time and full time. With the introduction of the WKCD project in recent years offering more job opportunities, the

⁵ The scholarship is open to outstanding and talented local candidates with leadership potential. The successful scholar(s) will engage with fellows of the CLP in two mandatory residential leadership courses, and undertake a secondment for a period of eight weeks and meet with the mentor. The successful scholar(s) will also have the opportunity to apply for a research grant to conduct an in-depth research project under the supervision of a higher education institute based in the UK. (<http://www.hkadc.org.hk>)

government eventually realized the need to nurture knowledgeable arts administrators. Subsequently, the community became more aware of this profession. (Appendix V – Course on Arts Administration Initiated by Universities)

2.4 Major Stakeholders in this Project

(a) The University

Middlesex University is known for its dedication and commitment to creative industries education (www.mdx.ac.uk, accessed 15 September 2013). Modules such as ‘Introduction to Arts Administration and Management’ and ‘Events Management’ are compulsory on the bachelor’s degree in Music Business and Arts Management. To design appropriate methods of measuring the success of performing arts has provoked arguments among funders and the arts industry all over the world. My unique experience during my tenure with the HKCO will add value to this research project. Whether the VFM audit is an appropriate measurement system for the performing arts is even more disputable. This will stimulate discussion among students from faculties of arts administration, marketing or public communications, and will facilitate and inspire further research projects in relevant areas. Not only will the project result add new knowledge to creative arts industries and benefit the students in Hong Kong, but the students of Middlesex University and other institutions in the university will benefit from it. The project result will also influence practice and thought in the UK and other places through Middlesex University.

(b) Myself

By furthering my doctorate work-based learning, I am able to enhance my understanding of various research formats and revisit my career path in arts administration. After joining the arts industry in 1989, I experienced the shortcomings

and strengths of different cultural administration authorities. These ranged from cultural offices within a government department to a non-profit distributing organizations operating as a limited company by guarantee. I witnessed the opportunities and threats that a performing arts company encounters under different jurisdiction at different stages. I am constantly facing new questions and dilemmas, and it is important to observe these changes in the arts market and consumer behaviour. During my service of over 25 years in the arts industry, I have had a chance to work with artistes of different art forms, including drama, music, dance, Cantonese opera and the visual arts. I have gained professional knowledge and skills, and have come to see my passion and commitment for this career as perpetually escalating. I have discovered new areas of expertise, including strategic company direction, arts marketing and event management. My working experiences in various areas of arts administration have provided a solid foundation for my reflection on key learning points.

By taking reference from the VFM study and other measurement methods in relation to cultural organizations, I have obtained a deeper understanding of a VFM study. I was able to broaden my horizons and enrich my knowledge throughout the whole process of this project. It helped to heighten my ideas of corporate governance, leading a performing arts group, management, marketing and public relations. This is indeed very useful knowledge in directing the future development for my organization.

(c) The Organization

Since its establishment in 1977, the HKCO has been a focal point and benchmark for all Chinese instrumental orchestras of the world. It continued to grow in a diverse way after its incorporation in 2001. A tremendous amount of hard work has been put in to

blaze the trail, despite all odds. I am honoured to have been part of that process for the past 15 years, witnessing its incorporation and new phases of development as well as many milestones. When the HKCO moved from being a government entity to a limited company in 2001, it took a significant leap in pursuit of organizational repositioning and realignment to respond to competitive demands. The HKCO has successfully evolved from being an exclusively performing arts company into an entity that covers professional performances and arts education, as well as research and development of musical instruments.

The HKCO is widely recognized across the world as a leading Chinese orchestra. It is the only orchestra in Hong Kong that is invited to perform at internationally prestigious concert halls or festivals such as Carnegie Hall, the Lincoln Centre, the Royal Festival Hall, the Klara Festival, Festival St Dennis and more. Though the HKCO has earned recognition as the cultural ambassador of Hong Kong, Chinese orchestral music is yet to be perceived as mainstream serious music in Hong Kong. This is due to Hong Kong's colonial historical background. The lifestyle and opinions of the people in Hong Kong are heavily influenced by Western culture. Besides, due to the comparatively short history of Chinese orchestral music and its limited repertoire, great demands are made in promoting this art form. It was not an easy task to establish a positive image and influence the market position of the HKCO during this decade. Although there were voices and articles in support of the work of the HKCO, its public image greatly affected by the misleading headlines in the mass media upon the release of HKCO's VFM audit report.

Many people criticized the results of the VFM audit report, which had reflected the level of cultural literacy among the people of Hong Kong. This lack of knowledge of

the operation of the arts industry led to misinterpretations of the audit findings. This project's result will definitely provide opportunities for reflective reports and for all the stakeholders to comprehend the value of a performing arts organization. Objective findings of the research project will be invaluable reference material for the council and management of the orchestra to plan their way forward. Additionally, the project results will give information to other arts or non-profit organizations for corporate governance issues or when similar audit reviews are to be reported.

2.5 Objectives of this Project

It is difficult to under-estimate the impression and power that art has for humankind or to evaluate how a piece of art work influences lives. According to Jones (2010, p.1):

The value of arts is in its existence, in the way it affects you. The value of arts lies in its interpretation and the way it flows. The value of arts is zero, or nothing or sometimes less, when it's just you and everyone else hates it, or it's infinite when it's something beautiful, because beautiful isn't something you can measure, or buy, or put in your pocket and hold onto for a rainy day. The value of art is in its power, to change minds or hearts.

In this decade, artistes have been overwhelmingly recognized as such by their popularity and fiscal success. We often gauge the value of a piece of art by the commercial price given at auction or measure the success of a performing arts group by its popularity, such as impressive audience figures and box office income. Practitioners and academics have been giving different interpretations to the value of art since the last century. It is an enduring debate, and it becomes more and more difficult to draw a conclusion when technology and globalization are overwhelmed. Art demonstrates its value in different dimensions, rather than just a pure expression of emotion. Does the instrumental value matter, or is it that the intrinsic value carries all the weight?

There have been discussions and studies about the value of art and the derivation of an appropriate evaluation system to measure the success of arts organizations in many countries. Professionalization and governance models are borrowed from the corporate world to evaluate the output and performance of non-profit organizations. Emphasis is put on performance-based evaluation, and a greater focus is levelled on outcomes and efficiency. To cope with this, many public organizations or non-profit distributing organizations tend to narrow their focus down to quantitative performance targets, rather than on a long-term qualitative investment.

The Director of Audit Commission in Hong Kong stated in the audit report #54 of the HKCO (2010, p.5) that, 'The audit review did not touch on the artistic merit of the HKCO work'. Indeed, the review focused only on the governance and management issues, categorized as corporate governance, core activities, human resources and other administration issues. Many people argued that a VFM study of a performing arts group is unfair and incomplete if artistic merit is not taken into consideration. Findings and comments in the report generated plenty of controversial discussions. Different views were obtained from the general public, music critics, arts practitioner, politicians and ex-cultural policy makers. No one would deny that the function of an audit and the assurance of the proper and effective use of public money should be respected. Nevertheless, it is incontrovertible that a government subvention body should be administered very carefully and be subject to audit criticism. Because it is supported by public money, controversies have arisen on how the values of the HKCO were audited. A common question raised is why artistic merit is not considered in assessing the value of an artistic group. Besides, it makes other intangible contributions to society, such as providing a better quality of life for people, bringing forth social benefits such as

community engagement and demonstrating the role of cultural ambassadors, and neither are these included in the audit report. Different opinions on the VFM audit report of the HKCO were raised by the public and the arts industry. There were various views on the values of the performing arts industry and also the VFM report. Not only did this reveal that the public and media in Hong Kong lacked general knowledge about arts administration, but that there is an absence of understanding of the VFM audit.

Taking the VFM audit study of the HKCO as the case study, and by collecting different views on the value of art, and more knowledge about VFM audits as well as the VFM practice, the objective of this research study is to investigate whether a VFM audit is an appropriate method for a performing arts organization. This leads to the following research core questions:

- What is the value of art?
- What is the value of a performing arts organization?
- What is a VFM audit?
- What is the practice in a VFM audit?
- Is a VFM study an appropriate method to study the performing arts? If not, how should the study be conducted?

2.6 Outcome of this Project

Only with an appropriate evaluation system can the performance of an arts organization be truly reflected for its stakeholders, and only through this can it develop healthily, in accordance with its mission and core values. The significance of this project to Hong Kong's cultural scene in a new era of development is how the true value of performing arts groups can be considered and evaluated. The project result

will offer various values to the arts industry in Hong Kong and other countries:

- There are altogether nine major performing arts under the governance of the HAB in Hong Kong. I shall submit the project result to the HAB for its future reference, if similar audit reviews of performing arts groups are to be conducted in future.
- The HAB is the government body that looks after art policy in Hong Kong. This project result will served as reference material in the course of arts development in Hong Kong.
- I shall send the project result to the HKADC, as it is the main funding body for smaller-sized and amateur arts groups in Hong Kong.
- A copy will be sent to the Hong Kong Arts Administrators Association so that other arts administrators can use it as reference material for their career development or academic research.
- The project will serve as a reminder to arts practitioners to reconsider the value of the arts while fulfilling the quantified performance indicators set by funding bodies.
- The results will be useful information for the students at the Hong Kong University Space, where I was engaged as a lecturer for the Creative Industry module, and any other students and trainees at universities and organizations.

- The project will provide useful information for other policy makers or arts administrators in Hong Kong and other countries, as I am a member of organizations such as the International Society for Performing Arts, which meets every year in New York, and the Cultural Summit, which is held biannually in different countries.

Chapter 3

Literature Review of ‘Value for Money’ Audits

3.1 Literature Choices and Parameters

Since the 1980s, the cultural sector has been gradually developing judgment to emphasize the contribution that arts entities can make to social and economic goals (Positive Solution, 2012; Throsby, 2010). Though the intrinsic value of art is universally recognized, it is a primary function of government to support the arts and enable arts to be accessible to all (Foster, 2009). Governments around the world have faced increasingly challenging economic environments, so their interest has grown in exploring measurement methods to justify the spending of public money and new funding models (Throsby, 2005). Professional arts companies, audiences and funders have differing perspectives on the value of the arts: their intrinsic value; their instrumental value; and their institutional value (Holden, 2004, 2006). The development of a measurement system or framework to justify the spending of public money seems to be the only solution to bring the public, cultural sector and funders closer.

The purpose of this chapter is to explore further the introduction and practice of VFM to see whether an investigation into whether a VFM study is capable of reviewing the nature and work of a performing arts company. Before a conclusion is drawn, I examine various types of documents to enhance my understanding of VFM studies. These include books, annual reports, journals, research reports and government documents, published locally or abroad. The Director of Audit’s Report No. 54 on the VFM study of the HKCO was also consulted as a case study to investigate VFM practice in Hong Kong, but it did not touch on artistic issues. Information on the

practice of VFM in different countries was obtained through annual reports and official websites.

3.2 Measuring the Value of Art

As stated in Chapter 1's discussion about the value of art, it is difficult to grasp the concept of art because of its multifaceted nature. It is therefore difficult to come up with a method to measure the value of either arts or an arts organization. Art has the power to change people's lives, irrespective of their gender and social class, as well as to change the whole community (McMaster, 2008). Based on the origin of arts, aesthetic quality should be the basis for judgment (Harrison, 2009). Arts offer an intangible influence on our lives, even though they do not make money (Caust, 2007). Concepts of the value of art change throughout the ages in differing social or political environments (Tubbs, 2013). Definitions and interpretations of the value of art vary between people of different social sectors. Holden's 'value triangle' and 'relationship triangle' (Figure 1) clearly indicate how intrinsic value, institution value and instrumental values in the arts relate to different sectors such as the audience, artistes and policy makers, respectively (Holder, 2004, 2006, 2010). The two triangles clearly spell out that the 'value' of the arts is perceived in different ways by people of dissimilar social sectors. For example, art has a personal value to the owner, the audience or individual creator, but, in the eyes of funders, should be of more general and lasting value for society.

Obviously, due to their differing social positions, art practitioners and funders in the arts and cultural sectors struggle with this discussion of the concept of 'value'. On one side, governments face queries from the general public and parliament about the allocation of funding. The questions by policy makers are whether public money could

be better spent on other things such as health or education, what are the benefits from the arts, why this arts group or art form but not another, what are the opportunity costs, and so on. From a policy perspective, the issue is not whether the existence of the arts has a beneficial impact on society or the development of the art form (Fosters, 2009). The main concern is whether the money spent on one arts programme or organization will have more of an impact than if it is spent on another (Hewitt, 2006). The difficulties of justification and comparison are because many of the benefits that we associate with arts are intangible or have a long-term effect, are therefore difficult to measure. To the extent that the arts do potentially provide something unique, the lack of comparative studies makes it more difficult to demonstrate in a concrete fashion the unique contribution of arts. The value of art is more than just to give a better quality of life and intrinsic value (Positive Solutions, 2012). The economic, environmental and social impact of the arts have been cited as reasons for governments to provide some level of financial support and have received considered attention from funders (Caust, 2007). The following are two examples of different governments' concerns about these issues by engaging private companies to conduct objective studies:

Arts Council England and the National Museums Directors' Council engaged a private company, Centre for Economic and Business Research Ltd., to conduct an analysis of the macroeconomic contribution by the arts and culture. The report 'The Contribution of the Arts and Culture to the National Economy' was released in May 2013 (<http://www.artscouncil.org.uk>, accessed 15 June 2013). The results lent positive credit to the contribution of the arts and culture in UK. The report has detailed information on the contribution of arts and culture to attracting tourists to the UK, and how arts and culture boost wages and productivity in commercial creative industries. Also, the spillover impact of the arts and culture that improves national productivity is mentioned.

The analysis further explains how arts and culture further education and community learning, and improve well-being and research activities, as well as having beneficial effects on academic attainment and so on. It is mentioned in the report that when UK's arts and culture organizations tour shows and exhibitions abroad, it is an arts and culture export, resulting in a flow of income to the UK. By touring abroad, the UK's major arts and culture institutions establish a strong international reputation. The support of UK arts and cultural organizations, acting as internationally-recognized brands, can then act as a guarantee of quality for new artistic work from the UK, thereby helping artistes to attract international attention. This report offered us an alternative perspective on the value of art, and is not for the purpose of exploring an appropriate measuring system for the arts. However, it clearly implies that we should not concentrate exclusively on the instrumental value of art, as its direct and indirect contributions through a ripple effect are worth noting.

(i) In Hong Kong recently, a main agenda item for the Hong Kong government was to look for an appropriate evaluation method to justify the spending of public money on major performing arts groups. Among other issues identified by the report of the CPA released in 2006, it identified the need for a 'more level playing field' in determining funding for the major performing arts organizations. CPA recommended the establishment of 'a common assessment mechanism to assess these performing arts groups' (CPA, 2006, p. 31). Prompted by the report, consultants were engaged to undertake a study into the funding mechanism for the major performing arts groups in Hong Kong, including the HKCO. Based on the recommendations of the consultancy report completed in 2012, HAB derived a year-end comprehensive performance report for the nine major performing arts companies. In addition to quantitative performance indicators such as the number of performances and the audience attendance, this

performance report of a performing arts organization covers qualitative indicators such as its contribution to grooming local artistic talent, audience building and supporting arts education, promoting cultural exchange and cooperation, and maintaining sound governance and management. The government fully recognizes the inadequacy of measuring solely by using quantitative figures. Since 2013, a more balanced method of both qualitative and quantitative indicators was therefore derived for the assessment of performing arts organizations in Hong Kong.

These examples, both from the twenty-first century, have demonstrated that policy makers have realized that we should no longer perceive the value of cultural activities as a straightforward and simple value chain (Throsby, 2010). Governments of different jurisdictions have gradually come to pay attention to these functions of art. In the twenty-first century, cultural goods and activities give rise to both intrinsic and economic value for society.

However, arts practitioners may have different perspectives. Dorn remarked that ‘The basic goal of artistes and art institutions is to remain true to themselves and to honour no art activity compromised by art objectives outside the purpose of art itself’ (Dorn, 2004). In Dorn’s or many other arts practitioners’ view, art for art’s sake is the core value in the making of art. Arts practitioners or private funders see value from their own perspective, and their values may affect the artistic strategies of a performing arts organization. Creative and innovative works drive the development of arts. However, new and experimental productions with innovative content very often mean sacrificing revenue from ticket sales (Macmaster, 2008). What artistes or arts organizations can do is limited by financial constraints. This is especially critical when arts organizations are facing the pressure of limited funding. Even for large organizations or orchestras, it is

difficult to show works by lesser-known artistes that bring in much a lower revenue (Brokensha, 1996). As arts organizations increasingly face financial constraints, they are becoming more 'risk averse'. Arts activities that can produce income become the major goal of an arts organization (Glow & Johanson, 2006; Throsby, 2001). Without funding to encourage arts organizations to take financial risks and create new works, innovative and creative art has fewer opportunities to be presented. Public funding is essential in the development of arts, especially as a seedbed for innovation, providing opportunities to explore the potential of new ideas and removing the pressure for new products always to be commercially successful. Therefore, if we are using the size of the audience or box office takings as the measuring criteria, the organization that concentrates on popular works will win the hearts of funders. By contrast, if indicators such as the number of new commissions or of collaborations with budding artistes are emphasized by the measurement framework, the whole scenario will be different, and more creative and innovative projects will be supported.

The value of an arts organization is not solely based on its own artistic merit (Scheff & Kotler, 1996). The ripple effect from various strategic collaborations with other performing arts groups, non-profit organizations or even commercial entities will also foster its growth, as well as helping others to extend beyond traditional operational models (Reiss, 1989). Strategic collaborations with educational entities will help to boost young talent, and it is crucial to provide a platform to nurture young practitioners. Investment in young talent and allowing experimental innovation offer opportunities for further professional development. These are some social contributions to a community that performing arts organizations can offer, and they exercise a long-term ripple effect. In addition, a performing arts organization often plays an important ambassador role for its own country when touring overseas, bringing economic returns

and an international reputation (http://en.wikipedia.org/cultureal_diplomacy, accessed 25 November 2014).

These social and political contributions are easily overshadowed by the financial indicators in the measurement framework. The value of cultural activity has become subject to critical scrutiny, instead of being assumed to be good (Throsby, 2010). It is difficult for arts practitioners and funders to come to a consensus on a fair and satisfactory measurement system for the arts. It seems that arts organizations are required to demonstrate financial ability rather than artistic competence as a means of obtaining funds from the government (Throsby, 2005). Thus, an appropriate measurement system, with appropriate performance indicators for a performing arts organization, is influential. The system will exert a long-term effect on the arts development of a country (Turbride & Laurin, 2009; Pidd, 2012).

The arts industry is not the only sector in search of an appropriate measurement method. There are also commercial entities or non-profit organizations that are looking for a fair evaluation system. Funders and leaders of non-profit organizations often use evaluation to prove the effectiveness of their work to others. There is a trend for more and more organizations to develop evaluation systems that facilitate the ongoing learning of the organization. Justification, in terms of cost efficiency, depends very much on the political and ideological cultural and history of a city, not merely technical accounting aspects (Urio, 2010). When the traditional financial accounting model fails to incorporate intangible assets and capabilities that are significant to a company's achievement in today's aggressive environment, many commercial entities already have performance measurement systems to incorporate both financial and non-financial measures.

What measures should be employed to ensure that the expected value is delivered effectively and efficiently to society? How can we evaluate whether the process is successful? What type of key performance indicators are objective, so that stewardship and artistic vision are not sacrificed? Is a VFM audit an appropriate measure for a performing arts organization? In the next section, we shall undertake an analysis of a VFM audit, which is an extended form of ordinary financial audit, to see whether this kind of measurement is able to reflect the value of a performing arts organization, such as its contribution to social and political issues, and to represent an appropriate method for the performing arts.

3.3 Definition of a ‘Value for Money’ Audit

In the Oxford English Dictionary, ‘value for money’ is defined as ‘well worth the money spent’. As such, it is not surprising to talk of a ‘value for money audit’ of a public service or non-profit organization so that the general public can derive a judgment as to whether the service or organization is ‘well worth the public money spent. On the other hand, an ‘audit’ is defined as ‘a systematic and an objective examination and evaluation of financial statement of an organization’ (www.investopedia.com, accessed 25 June 2013). The purpose of auditing is to make sure that records and transactions are represented in a fair and accurate manner (www.pwc.com, accessed 4 July 4 2013). It is therefore understandable that, when people hear the term ‘audit’, the first thing comes to their mind is money and figures. However, what is the actual meaning of a ‘value for money audit’, when value for money and audit come together?

An interpretation of ‘value for money’ that brings us closer to the meaning of a VFM audit is in the Business Dictionary. This states that ‘value for money’ is not only the

minimum price (economy), but also the maximum efficiency and the effectiveness of the purchase (BusinessDictionary.com, accessed 4 July 2015). If we look at the academic side, the University of Cambridge summarized a description of a VFM audit on the HEFCE website as follows:

VFM is a term used to assess whether or not an organization has obtained the maximum benefit from the goods and services it both acquires and provides, within the resources available to it. Some elements may be subjective, difficult to measure, intangible and misunderstood. Judgment is therefore required when considering whether VFM has been satisfactorily achieved or not. It not only measures the cost of goods and services, but also takes account of the mix of quality, cost, resource use, fitness for purpose, timeliness, and convenience to judge whether or not, together, they constitute good value. (www.admin.cam.ac.uk/offices/secretariat.vfm.guide.html, accessed 4 April 2013)

In short, a VFM audit is a kind of ‘non-financial audit to measure the effectiveness, economy and efficiency (the 3Es) of government spending’ (www.nao.org.uk, accessed 7 June 2013). Different countries may have different definitions of VFM. A range of terms for VFM, such as an operational audit, comprehensive auditing or management audit, as well as performance auditing, have been used variously in different places across different countries (Boisclair, 2008; Flesher & Zarzeshi, 2002; www.camagazine.com, accessed 8 June 2013). No matter what descriptions are applied, as indicated in the annual reports or websites of different audit officers as listed in Appendix VI, a common basic definition for a VFM audit is the concept of using tax payers’ money in an economic, efficient and effective manner (Dahanayake & Jacobs, 2010; Audit Commission in HK, 2010/11). (Appendix VI – Definitions of VFM audit by different audit offices)

Governments of different countries have been applying VFM audits to government

entities or activities (business line), or government-wide functional areas for many years

(<http://publications.gc.ca/site/archived.html?url=http://publications.gc.ca/collections/Collection/FA3-30-2000E.pdf>, accessed 5 August 2013), but many people do not have a thorough understanding of the function of a VFM audit, what a one actually is and what it is trying to achieve. The function of VFM auditing is actually more than just a straightforward examination of figures and the fairness of the financial statements of an organization. It is an expanded form of financial audit (Boisclair, 2008, pp.45–46). The nature of a VFM audit is more than just ‘money’ and ‘economic figures’ (Barr & Christie, 2015). It is an independent scrutiny that is not just about collecting facts to highlight weaknesses in procedures to identify potential improvements and to suggest possible ways to move forward (www.audit.gov.sh/publications.htm, accessed 8 July 2013). What VFM auditing tries to achieve is not purchasing something at the lowest price; it ‘takes account of the mix of quality, cost, resource use, fitness for purpose, timeliness, and convenience to judge whether or not, together, they constitute good value’ (www.admin.cam.ac.uk/offices/secretariat.vfm.guide.html, accessed 4 April 2013). It is not just looking at the costs of purchase but the quality, in terms of the return on spending (Harvey & Green, 1993, pp.9–34). A VFM audit is more than a traditional financial audit and is different from what the general public perceives.

A VFM study aims to ensure that public money is being spent under the 3E conditions by reporting management’s performance to central government, other governmental departments or public funded organizations, as summarized in Table 1.

Table 1: Definition of the Three Es, by HEFCE

Economy	Careful use of resources to save expense, time or effort.
Efficiency	Delivering the same level of service for less cost, time or effort.
Effectiveness	Delivering a better service or getting a better return for the same amount of expense, time or effort.

In addition to the 3Es, areas of VFM audit also include the environmental effects of government activities and accountability relationships; the protection of public assets; and compliance with authorities (www.audit.vic.gov.au, accessed 5 August 2013). Bowerman (1996) identified six exhaustive approaches for VFM auditing: reviews of management systems, arrangements and procedures; a performance procedure audit; a policy audit; an audit of management representations of performance; a comparative performance audit; and a quality audit. In the local context, the Audit Office of Hong Kong emphasizes corporate governance when conducting a VFM audit. The Director of Audit Office in Hong Kong, Mr Benjamin Tang, mentioned that ‘VFM audits of NGOs are a kind of “health check” aiming at helping prevent long-term illness through early diagnosis and treatment’. As stated:

‘corporate governance’ of an organization is similar to the ‘immune system of a human being that safeguards stakeholders’ interests, prevents corporate failures, and ensures long-term corporate health and sustainability’. Problems with the immune system will inevitably lead to infections and illnesses. A collapse of the immune system is very often fatal. Similarly, for an organization, while achieving good corporate governance may not guarantee success, without it, failure is almost certain. (Audit Commission of Hong Kong, 2010).

No matter what definition or metaphor is given, judgment is required when considering whether a VFM has been satisfactorily achieved or not in a government organization. The purpose of a VFM audit is to study if an organization or government department

has obtained maximum benefit from the goods and services that it both acquires and provides, with the resources available to it. A VFM audit is a kind of study that focuses on a specific area of government expenditure and seeks to reach a judgment on whether 'value for money' has been achieved. In other words, the purpose of a VFM audit is to check if the organization is giving 'best value service' (Lapsley & Pong, 2000). One issue to bear in mind is that a VFM audit is not just talk about 'minimal costs', but a mix of quality aspects. Good 'value for money' should be the optimal use of resources to achieve the intended outcomes (Erlendsson, 2002). Therefore, a judgment of good value for money is not only based on the minimum purchase price (economy) but, as already noted, on the maximum efficiency and effectiveness of the purchase (BusinessDictionary.com, accessed 5 July 2013). In order to be 'economical', the organization needs to be careful in its use of resources to save expenses, time and effort. To attain efficiency and effectiveness, the organization has to deliver the same level of service for less cost, time and effort, or to deliver a better service, or to achieve a better return for the same expense, time and effort. However, some issues may be intangible and subjective, and thus be difficult to measure yet easy to misunderstand ([www.admin.cam.ac.uk/offices/secretariat.vfm.guide.html](http://www.admin.cam.ac.uk/offices/secretariat/vfm.guide.html), accessed 4 April 2013).

In the performing arts industry, when an organization puts emphasis on the pursuit of its artistic vision it is sometimes difficult to measure the intrinsic impact on either an individual audience or society as a whole (Brown & Novak, 2007). For example, an audience at a classical concert or theatre may be uplifted and inspired by a live performance. This experience may awaken a young audience's interest and unlock its interest in the arts in future. This may improve people's quality of life or make them talented artistes in future. This intangible contribution of performance arts to individuals or society is difficult to measure. Therefore, it is extremely important to

ensure that the audit team members are knowledgeable about the operation of the arts industry and draw sensible conclusions and recommendations (Lonsdale, 2000). The concept of VFM auditing is not just conveying straightforward information, but values (Berger & Luckmann, 1967). Therefore, if wrong or biased judgments are drawn due to lack of knowledge of the practice and nature of the audited industry, damage will be done.

3.4 Introduction of the Value for Money Audit to Public Services

Though government organizations may show detailed information on their financial status in their financial statements or figures, a stable balance account may not represent to stakeholders whether the service provided by the government organization has performed satisfactorily in the best interests of the public at a promising price (Barr & Christie, 2015). VFM auditing, a kind of non-financial audit, was introduced as a way of expanding the traditional role of auditors to ensure that public money was spent in a 3Es manner and to meet the need to provide additional information to stakeholders (Glynn, 1985).

Not only are we facing differences in the meaning of interchangeable terms in VFM audits used across different countries (www.camagazine.com, accessed 8 June 2013), but the origins and development of VFM have a diverse history (Flesher & Zarzeski, 2002). VFM auditing was widely adopted in the public services in Canada and other English-speaking countries such as the UK, Ireland, Australia, New Zealand, Finland, Norway and so on after the 1970s, and the United States refers to this kind of audit as ‘operational auditing’ (Boisclair, 2008). According to Glynn, Canada was the first country to introduce the VFM study to the public services (Glynn, 1985). However, Flesher and Zarzeski argue that VFM auditing, also known as operational auditing, was

actually an extended form of internal audit originating in the United States (Flesher & Zarzeski, 2002). The principals of a VFM audit were actually developed from the concept of operational auditing. On the other hand, Dewar opines that British government auditors recognized the concept of VFM as early as 1180 and 1662 (Dewar, 1985) and, in Grier's view, the Greeks applied of internal audits to the Egyptian estate as early as 2,500 years ago (Grier, 1934).

According to Flesher, the roots of operational audit date back to the nineteenth century or even ancient times (Flesher, 1991) and, during the 1940s, internal auditors in the US began to expand the scope of internal audits and started providing information for management to improve their performance. T. Coleman Andrews began conducting such audits and his reports are today regarded as typical internal audit reports. Operational auditing thus developed rapidly in the early twentieth century, with the growth of business in private corporations (Flesher & Zarzeski, 2002). The long history of operational auditing in the United States started far earlier than the introduction of the VFM audit concept, introduced in the 1970s by the Canadian government in the public sector. The concept of operational auditing in the US has not been used to any degree by auditors in other English-speaking countries, due to a lack of reliance on the experience of auditors from the United States (Parker, 1986).

The introduction of VFM in the public services was to meet the need to provide additional information to stakeholders (Glynn, 1985). Following the lead by the Canadian government, the VFM audit was gradually introduced to public service in many other countries in the 1980s. For many years, the VFM audit was embraced widely by organizations and governments in various countries, including Hong Kong. Here, the audit examination served as an extension of the 'regularity' type of audit in

government offices to cover organizations in receipt of government grants in the mid-1970s (Audit Commission 2004–05). Under the lead of the director of audit, the external auditor of the government, the Audit Commission (known as the Audit Department before 1 July 1997),⁶ conducts VFM audits and regularity audits in Hong Kong each year to enhance governance, accountability and transparency in the public sector (Audit Commission 2004–05). Similar to other countries, a VFM audit aims to assess the government's internal control environment and to recommend improvement measures in areas with potential significant risks to regularity, propriety and controls. The study was introduced to Hong Kong in the 1970s and aims to help to improve practice and learn lessons, not for the sake of raising criticisms (Audit Commission 2010–11). (Appendix VII – First Introduction of VFM Audit in Canada)

3.5 International Current Practice of Value for Money Audits

Whatever names or concepts that the public or industry employs for a VFM study, whether it is an operational audit, a performance audit or a combination of 'conventional auditing' and 'management consulting' (Glynn, 1985), it is important to note that it has no predictable form of reporting and that there are no 'generally accepted' standards for decision making or systems to guide the consultation (Glynn, 1985, p.21). Ironically, Norman B. Stalker, Director of Audit in Hong Kong, was heavily criticized by the audit circle for having gone beyond his authority in being assigned by ordinance in his reports of 1985 and 1986 (Vickers, 1987, p.35). Approaches used by VFM audits vary by country. The approach can be highly structured or unstructured. Some countries offer their auditors less restrictive mandates

⁶ Since 1 July 1997, Hong Kong has been a special administrative region of the People's Republic of China. According to Article 58 of the Basic Law of the Hong Kong Special Administrative Region, a Commission of Audit shall be established in the Hong Kong Special Administrative Region (HKSAR). The former Audit Department was renamed the Audit Commission with effect from 1 July 1997.

than others. The way that VFM auditing has been conducted and the methods that have been employed have been subject to continuous refinement and further development. To date, there is still no standard approach that can embrace all the varied aspects of VFM auditing. In other words, it lacks strong methodological guidance within the sector and is still evolving (Power, 1997, p.51).

In the local context, with the expansion of the scope of government audit in Hong Kong to cover the management of public funds, a set of VFM audit guidelines was agreed in 1986 between the Director of Audit and the government. Thereafter, when the British colonial government returned Hong Kong to the PRC government in 1997, a revised set of VFM audit guidelines that was mutually agreed between the Public Accounts Committee (PAC) and the Director of Audit was tabled in the Provisional Legislative Council by the chairman of the PAC. As a colony of the UK before 1997, Hong Kong adopted similar VFM practice to the UK, even after the transfer of sovereignty. We can identify many similarities between the two systems, ranging from the role of the Audit Commission to the framework of the VFM study (Hong Kong Audit Commission 2008, 2009, 2010; www.nao.org.uk, accessed 7 June 2013). (Appendix VIII – VFM Audit Guidelines tabled in the Provisional Legislative Council by the chairman of PAC in 1998)

Perspectives and knowledge on the value of art may vary in different places, due to their historical and cultural backgrounds. However, the objectives of the VFM method in different places remain to ensure that public money is being spent efficiently, economically and effectively (the 3Es) by reporting on management's performance at central government. A VFM audit requires information on perceived problems and recommendations for solutions. Though there is no specific form of reporting or

conducting processes in VFM auditing, all VFM studies comprise three stages: the planning stage; the investigation stage; and the reporting stage.

In general, audit offices will have a planning stage to identify topics for a VFM review. The topic under review is usually pertinent, and is relevant to current political issues or significant levels of expenditure. Different offices will have a different hierarchy, and meetings are held with senior management in the audit office or independent steering committee to approve all matters raised during the planning stage. Matters cover accessing the estimated total expenditure, and the percentage of total budget and time that the proposed reviews will cover (Department of Finance in Ireland, 2007, p.12; Office of the Auditor General of Canada, 2010, pp.11–16).

Hong Kong normally submits VFM reports twice a year, in the spring and autumn. According to the VFM audit guidelines of the Audit Commission that were presented to PAC in February 1998,⁷ the director of audit shall report his findings on VFM audits to LegCo twice each year. This practice is similar to the Office of the Auditor General of Canada and National Audit Office (NAO) in the UK (Office of the Auditor General of Canada, 2000, www.nao.org.uk). Before submitting the report to LegCo, the director of audit normally sends a copy of the draft report to the relevant audited organization and its directors of bureaux for comment. Comments from the audited organization and relevant directors are then included in the audit report. However, in the audit of the HKCO conducted in 2009, only an English version was provided, not a Chinese, purportedly for reasons of time constraints.

⁷ In February 1998, a paper ('Scope of Government Audit in the Hong Kong Special Administrative Region – Value for Money Audits') was presented to the Provisional Legislative Council by the chairman of the PAC. This paper covered the scope of work, guidelines and procedures for VFM audits. This new set of VFM audit guidelines was agreed between the PAC and the director of audit and accepted by the government of the HKSAR.

According to the rules, until a VFM report is tabled in LegCo, these draft reports covering the individual issues under investigation are confidential, and their circulation should be restricted on a need-to-know basis. Having said that, there were incidents in 2008 and 2009 when information on audited cases was leaked to the media before the report was read by LegCo. To rectify this, LegCo required the parties concerned, including the Audit Commission, the audited organization and the controlling officers of the audited organization, to sign a letter to confirm that 'circulation is on a need-to-know basis' and that a named list has to be submitted to LegCo for records and reference.

It is true that it is the practice to provide a draft VFM audit report to the organization being audited in order to check facts, provide additional information and respond to recommendations. The director of audit takes the ultimate decision on how to include the response in the report. In other words, even though you have the right to voice your views, the director of audit has the ultimate say on how to frame findings and responses in the audited report. While controlling officers of the audited organization and the director of the bureau that is concerned will be invited by LegCo to give an explanation to PAC at a public hearing, the media usually focuses on the comments given by the audit office when the report is first released, and seldom follow up to report the explanation and development of the case. This loophole was identified by the Audit Office in Canada, and a media lock-up session was arranged to ensure that the correct messages were delivered to the media.

Canada is the only country with an office that provides a media lock-up session when the auditor general gives senators a confidential preview of the report, several hours before it is tabled in the Canada House of Commons. Since reports are often complex

and may deal with several different topics, the lock-up gives journalists the time to understand the information in the report. They receive the report at the beginning of the lock-up, and the office ensures that the auditors are present to answer questions. Such arrangements have not been put into practice in Hong Kong or other countries, and reflects the advanced development of VFM audits in Canada.

According to the Audit Ordinance (Cap.122) enacted in December 1971 in Hong Kong, wide power is conferred on a director of audit in carrying out the statutory duties. The director of audit has side powers of access to the records of departments and can request any public officer to give an explanation and to furnish such information as he thinks fit to enable him to discharge his duties. In the performance of his duties and the exercise of his powers under the ordinance, the director works independently and is not subject to the direction or control of any other person or authority. Due to their independent role and special powers, audit offices have the authority to scrutinize other public bodies and seem to have superior authority over others ([http://en.wikipedia.org/wiki/National_Audit_Office_\(United_Kingdom\)](http://en.wikipedia.org/wiki/National_Audit_Office_(United_Kingdom)), accessed 8 June 2013)).

Since an audit office has special powers to request information from the audited organization, it is important to note that, while a VFM audit may comment on policy implementation, it does not comment or question the merits of the policy itself. In other words, an audit office can comment or make recommendation, but the ultimate say as to whether to keep or revise the policy remains that of the audited organization or the director of the bureau. This ethos or practice is widely embraced in many countries, such as Canada, the USA, Australia and the UK, as well as Hong Kong.

While many audit offices are questioned about their quality of work, the Office of Auditor General in Canada maintains a system of quality control that applies to all annual audits, performance audits and special examinations. Quality assurance is even ensured in a two-tier manner. In addition, to ensure that the subject matter is within the collective professional expertise of the VFM team, non-accounting specialists are engaged in VFM audits or serve as consultants or members of the advisory committee. The specialists are usually senior-level experts and have acquired a specific number of years of experience in the relevant field of audited entities before joining the VFM audit team. This is vital, especially when audit work is to be conducted in a specialised industry such as the performing arts. The establishment of an advisory committee is especially important as it helps to direct the work, interpret the findings and evaluate the conclusions. In Canada, not only will the audit programme make investigations into financial information, but procedures will focus on analysing management practice, operational data and benchmarking with similar entities. Besides, the auditors are free to choose the form of their conclusion in reporting standards. They may state their conclusions in the form of observed deficiencies or an opinion on the subject matter of the audit.

In addition to the above quality assurance, in Canada the practice review of a VFM audit is conducted periodically by the professional practices group in accordance with the audit and practice review policy. The review provides the auditor general with assurance that the office's quality management system for its VFM audit practice is suitably designed and effectively applied to meet legislative requirements, professional standards and office policies. In other words, the audit team that conducts VFM audits is, itself, also subject to 'audit' by an individual party. To ensure the quality of its audit work in a variety of ways, the Office of the Auditor General of Canada produces and

requests a variety of accountability reports to gauge the success of these efforts. Though we are not sure whether this review policy has been put into practice effectively, at least it assures us that the Office of the Auditor General of Canada seeks to adhere to the highest standards of quality control in its audit office and audit reports, and is committed to continuous improvement in all areas of its operation.

Although the NAO in the UK also subject to scrutiny, people claim that:

the scrutiny that NAO subjected to is not fully transparent. Although the VFM reports made by NAO are subject to external review both before and after publication by teams of academics from University of Oxford and the London School of Economic. These reviews including the methods, findings and conclusions of the reports are not made public'. ([http://en.wikipedia.org/wiki/National_Audit_Office_\(United_Kingdom\)](http://en.wikipedia.org/wiki/National_Audit_Office_(United_Kingdom)), accessed 8 June 2013))

Nevertheless, there is no quality assurance measure of VFM studies in Hong Kong, neither including consultants from the audited industry to give their professional opinion nor providing a report for professionals to comment upon. This is what the people of Hong Kong criticize.

Ireland and the UK have also paid attention to evaluating the performance of audited bodies to provide relevant, meaningful and constructive recommendations. NAO has recently adopted a wide range of market research techniques such as focus groups, customer interviews, expert panels, and commissioned research and longitudinal studies. To assure the quality of the work of NAO, PAC receives VFM reports on the operation of the NAO. VFM reports on NAO are written by private sector audit firms in a manner similar to reports by NAO on central government ([http://en.wikipedia.org/wiki/National_Audit_Office_\(United_Kingdom\)](http://en.wikipedia.org/wiki/National_Audit_Office_(United_Kingdom)), accessed 8

June, 2013). However, while most audited organizations hold that a VFM audit report does not reveal clearly the underlying principles of the decision, the UK public criticizes the audit reports by NAO as being too neutral and cautious in the way that they are written, since drafts are shared with the department(s) that they are written about. All facts are agreed between NAO and the departments, as the PAC hearing would be pointless if departmental witnesses are able to disagree with the findings before the draft is finalized and, if the information is too political in some extreme cases, the report will never be made public ([http://en.wikipedia.org/wiki/National_Audit_Office_\(United_Kingdom\)](http://en.wikipedia.org/wiki/National_Audit_Office_(United_Kingdom))), accessed 8 June, 2013). Another criticism in Hong Kong and the UK is that VFM reports fail to examine major strategic issues such as the underlying principles, the intangible contributions and impact on society, and the development of the art form.

3.6 Summary

VFM has achieved an authoritative position because it is commonly agreed that it involves well-planned procedures, as well as an attitude and culture that seek continuous improvement. VFM practice helps management to undertake a thorough consideration of its objectives before moving ahead. To comply with VFM practice, this clarification and assessment of the objectives will help the management to achieve designated goals in a cost-effective way. Achieving value for money practices will enable the organization to comply with regulations and associated requirements. Adopting good practice reduces the chances of failing to comply with legal and associated requirements. Besides, an awareness of achieving value for money will enable the management to be more careful and aware of any possible risk that may cause a negative impact on the company's financial status and reputation. There is no reason why we should not all ensure proper use of public money and manage in an

economically effective and efficient manner.

A VFM audit involves an examination of accounting and procedures, as well as proposing recommendations to management for improvement, however there is no rule, designated audit methodology or approach in a VFM study. A VFM audit is sometimes carried out as a qualitative programme evaluation. While Hong Kong follows VFM guidelines similar to those in the UK, the Audit Office in Ireland applies the logic model evaluation as the methodology (Department of Finance, Ireland 2007): 'The VFM audit practice does not have a universal methodology. VFM audit function differs from one state audit office to another due to idiosyncratic influences and external political forces' (Dahanayake & Jacobs, 2010; Radcliff, 1999). Therefore, it is difficult to compare audited organizations. Besides, how the audit team members interpret the findings and draw their judgments will depend heavily on the auditor's knowledge of that industry, and may vary from case to case. A VFM audit is a socially grounded function that does not have any universally similar applications to jurisdiction. Although there is a general belief that VFM audits are supported by technical audit methodologies and guidelines such as audit manuals, audit standards and procedures, Radcliffe concludes in his research that actual VFM audit work is supported by neither comprehensive audit technologies nor procedures. VFM audit outcomes are constructed on the basis of the environment in which they operate, and on surrounding political and sociological factors (Dahanayake & Jacobs, 2010).

After years of development, the VFM remains an expanded form of conventional audit that is widely recognized and promoted among organizations and governments. However, it has received criticism on many aspects. This may be attributed to the limited knowledge of the team of auditors about the industry being audited, as there are

more and more public private partnership projects being undertaken. The other reason is the divergence between philosophy and practice when a VFM audit is conducted.

This section covers a review of international perspectives and the current approach to VFM in places such as Canada, UK and Hong Kong. Ireland and Canada have adopted good practice by forming an advisory group or steering committee with specialists from the field to comment on their findings, in order to ensure that a VFM report is relevant to industry practice. Although Canada and the UK have already adopted various practices to ensure the quality of their VFM studies and the operation of their audit offices, Hong Kong has no such arrangement.

Much of the material for this section was obtained from annual reports or official websites. Information provided by the annual reports of the relevant audit office and literature research mainly comprises the philosophy and recommended techniques or guidelines for undertaking VFM audits. It is difficult to know in depth what actually happens, and how the auditors apply the techniques to measure the 3Es to draw up a relevant report and recommendations for individual cases. One exception is the VFM study of the HKCO, at which I experienced the whole process during my tenure with the orchestra. The detailed analysis of the case study VFM audit of the HKCO will be reviewed in Chapter 5.

Chapter 4 Autobiographical Case Study – The VFM Audit of the HKCO

4.1 Introduction

The nature of the VFM study of the HKCO was one of a real life scenario. I was the Executive Director of HKCO at the time of the audit, thus I had a unique and daily experience of the entire audit process. I am able to provide reliable information and have undertaken a systematic inquiry into the event (Bromley, 1990). I can tell the living story of the HKCO as an insider. A researcher into the case study of the HKCO, I was also the biographer (Stake, 1995).. The issue that emerged, together with the literature review, provided the basis of my research. Before making a critical analysis of the VFM study of the HKCO to shed light on this audit practice in Hong Kong, I start this chapter by visiting the concept of arts management and the values of the HKCO at various stages after its inauguration in 1977 underpinned by my professional experience which rightfully has elements of the subjective which is an important data source. Chapter 5 provides the more objective position as I stand back and present a research design to provide different data sets form different sources.

According to the International Encyclopedia of Public Policy and Administration, arts management (or administration) is:

the application of the five traditional management functions – planning, organizing, staffing, supervising, and controlling – to the facilitation of the production of the performing or visual arts and the presentation of the artists' work to audiences. The administration and facilitation of the creative process and its communication to an audience is common to both public, non-profit arts organizations (e.g. non-profit theatres, symphony orchestras, opera companies, dance companies, museums, public broadcasting, and performing arts centres) and private, commercial, for-profit artistic entities (e.g. commercial theater, 'popular' music, private galleries, film, television,

and video). (Martin, 1998, p.128)

As stated by Martin, in addition to general management skills and knowledge, the responsibilities of arts managers (administrators) cover some other important areas such as 'facilitation of the production', 'facilitation of the creative process' and 'communication to audience'. In other words, arts managers also participate in a creative and innovative process that is of a changing nature and, while it forms a separate part of the management process, yet is a strategic vision (Hagoort, 2003). The work of arts managers involves strategic planning, financial management, fundraising, marketing, audience building and the management of artistes (Chong, 2002). There has been a great deal of change over the past few decades in the arts industry across the world, not just in Hong Kong. Arts managers have been exposed to increasingly complex demands, because the struggle for operating funds has heightened and the competition for support from the government or commercial entities has deepened. This has made the job of an arts manager more and more complicated and difficult.

During my tenure with the HKCO, I blended management theory and my years of practical experience of serving different offices in relation to arts management. After I was appointed as the first ED of the HKCO upon its transformation from a government entity to a non-profit distributed organization, I oversaw the overall operation of the orchestra, constantly with an eye to adjusting and adapting to the ever-changing environment. In addition to the external environment, I had to keep my eye on the organization's formal and informal structure (Byrnes, 2009). In directing the development and operation of the orchestra, I integrated long-term strategic thinking with developing a sensitivity to the changing environment that shaped the beliefs and values of the orchestra. I joined hands with the AD of the HKCO in uniting the

orchestra members in a commitment to excellence and artistic integrity; to accessibility and audience development; and to public accountability and cost effectiveness (Chong, 2009). Operational guidelines were set and revised every year to cope with the changing environment and development of the orchestra. Since corporatization in 2001, the orchestra is not a government department but a government sub-vented organization. The need for the orchestra to be flexible and open to change is very important for its sustainability, and this is also the purpose of the Hong Kong government's corporatization of the orchestra (HKCO, 2001/02). Although I fully understand that plans and bureaucracy that lock the organization into rigid thinking and actions stifle its development (Byrnes, 2009), I strike a balance by designing operational guidelines that adopt suitable rules and the bureaucratic structure necessary to accomplish the objectives of the orchestra's operation (Byrnes, 2000).

4.2 HKCO in the Local Cultural Scene

As expressed by Jordan and Weedon, culture is not a separate sphere, but a dimension of all institutions – economic, social and political (Jordan & Weedon, 1995). We can see from many real examples that deep social conflicts have deprived other countries of the world of the development of cultural organizations (Marshall, 1985; Gu, 2015; Museo de la Memoria y los Derechos Humanos in Chile, 2011). Hong Kong is not an exception. The riots that broke out in 1967 served as a catalyst for the development of many cultural performing venues and arts organizations in Hong Kong during the 1970s and the 1980s (Development of Hong Kong Arts and Cultural Policy, 2006). The establishment of the HKCO was a government strategy to divert people's attention from political issues after the riots. The value of the HKCO may also be in relation to political and social issues, helping to smooth social conflict in Hong Kong by being inaugurated. (Appendix X – History of the Establishment of HKCO in 1977)

Founded in 1977 by the then UC, the HKCO is the only professional Chinese orchestra in Hong Kong, with a full strength of 85 musicians offering an array of regular and outreach concerts (www.hkco.org). In the 1980s, a study of corporatization of the three flagship performing arts companies was initiated, but the study was frozen in 1989 after the Tiananmen Square massacre in June that year. In parallel with the dissolution of the two municipal councils, the three flagship performing arts companies (HKDC, HKCO and HKRT), founded by the former UC of Hong Kong, were then funded and managed by the LCSD between 2000 and March 2001 (HKCO, 2002). In 2001, the HKCO was incorporated as a company limited by guarantee⁸ and governance of the orchestra was taken over from the Hong Kong government by the newly established council of the orchestra. The objectives of incorporation were to allow the orchestra to pursue its artistic vision with a greater degree of autonomy, to allow more administrative flexibility, and to encourage more community involvement, interaction with and support for the orchestra (HKCO, 2002). (Appendix XI – First annual report of HKCO Ltd. (pp.5–23))

Since 2001, the HKCO has been operating in pursuance of its artistic vision with a greater degree of autonomy. It has developed from an exclusively performance arts company into an institution involved in performing, education, research and development. In other words, the HKCO has demonstrated its diversified values. In addition to organizing diverse regular concerts at concert halls, as well as education and outreach activities for different segments of the community, the HKCO works with community partners to pioneer creative projects in Hong Kong (HKCO, 2001–2015). It

⁸ A company limited by guarantee is defined as an incorporated firm without share capital, and in which the liability of its members is limited to the amount that each one of them undertakes to contribute at the time the firm is wound up. See more information on the background of the incorporation of the HKCO from its Annual Report 2001/02.

has proactively promoted Chinese music to a younger generation by organizing a children's/youth Chinese orchestra, special education schemes such as 'Music for Love' and 'Chinese Music Alive', instrumental classes, annual music festivals⁹ and competitions. It has contributed to the development of Chinese orchestral music by organizing international conferences, the publication of educational materials and scores, setting up a special department on the research and development work of traditional Chinese musical instruments, and organizing a special scheme to engage and nurture young local talent. In addition to providing such varied activities for the community in Hong Kong, the HKCO has demonstrated its cultural ambassador role at various renowned festivals and concert halls on the international music stage. As of February 2015, the HKCO has given concerts in 69 cities of 25 countries (HKCO, 2015). After more than 38 years of establishment, the value and impact that HKCO has contributed to the local community and development of Chinese orchestral music in the industry received high acclaim from the music industry (Yuen, December 2007; Chow, 2008).

4.3 VFM Audit of the HKCO

VFM audit report No. 54, issued by the Director of Audit on the HKCO, was selected and critically analysed as a case study for this project to examine the phenomenon in a real-life situation. This audit report was the first ever VFM study of a performing arts organization to be conducted by the Audit Commission in Hong Kong, and was selected because of its uniqueness (Thapa & Boyce, 2006). The case provides rich qualitative information to complement findings from other methods.

⁹ The HKCO first organized annual instrumental festival namely as the Huqin Festival in the year of 2001, and then organized different types of instrumental festival, thereafter: The Drum Festival (became an annual festival in 2003), the Dizi Festival (2005), the Zheng Festival (2006), the second Huqin Festival (2009). Other thematic festival includes the Composers Festival (2010) and the Conductors' Festival (2011).

The Audit Commission of Hong Kong, known as the Audit Department before 1 July 1997, conducted a VFM audit and regularity audit (similar to a financial audit in the private sector) for the Hong Kong government. Each year, the Director of Audit submits one regular audit and two VFM audits to LegCo for scrutiny (Audit Commission, 2010/11; Yu, 2015; LegCo, 1998). According to the VFM guidelines tabled in 1998, the Director of Audit, the government and LegCo have mutually agreed on the term ‘audited organization’, classified into three categories: any person, body corporate or other body whose accounts the director of audit is empowered under any ordinance to audit; any organization which has received more than half its income from public moneys (this should not preclude the director from carrying out similar examinations in any organization which receives less than half its income from public moneys by virtue of an agreement made as a condition of subvention); and any organization the accounts and records of which the director is authorized in writing by the chief executive to audit in the public interest under section 15 of the Audit Ordinance (Cap. 122) (LegCo, 1998). In this regard, the director of audit and/or the respective authorized representatives are entitled to carry out value for money scrutiny of the HKCO’s accounts and records, because over half of the orchestra’s funding is from the Hong Kong government. This is also clearly stated in clause (7)(c) of the funding agreement signed between the Home Affairs Bureau and the HKCO. (Appendix XII – Scope of Government Audit in HKSAR – ‘Value for Money Audits’, Appendix XIII – Summary of Practice of VFM Study in Hong Kong)

I was first informed in September 2009 by the Home Affairs Bureau that the Audit Commission would conduct a VFM study of the HKCO. Shortly after that, a formal meeting was held and an official letter was issued to the orchestra on 30 September. This was the first-ever VFM study on a performing arts organization to be conducted

by the Audit Commission in Hong Kong. (Appendix XIV – Letter from the Audit Commission to the HKCO on conducting the VFM study). Similar to the practice in other countries, a VFM audit in Hong Kong basically comprises three different stages: a planning stage; an investigation stage; and a reporting stage (Audit Commission, 2010/11). The whole process of the VFM audit on the HKCO lasted for about 10 months, from October 2009 to July 2010. A brief summary of the investigation stage and report stage is given below in Table 2:

Table 2: Area of Study and Reflections at Different Stages of the VFM Study on the HKCO

Period	Area of Study	Remarks
Oct 2009 – Feb 2010	<ul style="list-style-type: none"> ● A 10-strong audit team stationed at the HKCO office to read through documents and files for the past 10 years. ● In addition to giving support to daily operation, the HKCO core administrative staff was heavily committed to providing information and faced repeated interrogation by the audit team. ● Areas of study involved production of different projects, administration and procurement process, human resources, audition and recruitment, financial matters, etc. 	<ul style="list-style-type: none"> ● During the first meeting, the audit team expressed clearly that the audit report would be a ‘negative report’ which would only mentioned areas that required improvement. ● The audit report would not reveal to the public which areas had been audited and would seldom give credit to the audited organization. ● A challenging task was to maintain employees’ morale and to coach staff. ● It was incredibly demanding and exhausting to meet the heavy daily operational work and be interrogated by the audit team with limited staff resources. ● Effective communication in

		multiple directions among HKCO council, artistic director, auditor, management, artistes and related parties was revealed during the process.
Feb – Apr	<ul style="list-style-type: none"> ● Drafts of audit report were issued to the HKCO to collect comments before official release. However, only an English version was provided. No Chinese version was provided. ● Subject to director of audit's decision, official comment from the HKCO in response to Audit's recommendation was included as part of the report. 	<ul style="list-style-type: none"> ● HKCO was the first performing arts group to be audited. The audit team from the government had limited knowledge of arts administration knowledge and industry practice. ● I learnt to see the value of our work from a different perspective and tried to explain our work to those outside the arts industry.
Apr – May 2010	<ul style="list-style-type: none"> ● The audit report was released on 21 April 2010 and made waves of negative headlines on HKCO's management in major local newspapers. ● An official statement by the orchestra from the council was released. ● Different perspectives and views in response to VFM report were revealed in newspapers and magazines afterwards. 	<ul style="list-style-type: none"> ● Effective communication and upkeep of morale of the artistic team to maintain excellent artistic performance. ● Knowledge and reflection were gained in areas of public and media relations, strategic image building, public speaking when handling inquiries from media and preparing statement for the council at this critical moment.
May – Aug 2010	<ul style="list-style-type: none"> ● The chairman, vice-chairman and I presented as witnesses at the two public hearing sessions hosted by the LegCo Public 	<ul style="list-style-type: none"> ● Preparation of information for council discussion before attending the hearings enabled the HKCO to reflect its practice in arts

	Accounts Committee.	management. ● Report of follow-up actions in the form of a government minute.
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(Appendix XV – Chap. 6 of Audit Report 54, VFM Audit on HKCO, Appendix XVI – PAC Report 54 of Director of Audit on Results of VFM Audits, part 4, chap. 3)

In accordance with the instructions given by Audit Commission of Hong Kong in the letter dated 30 September 2009, the investigation had to be kept confidential and restricted to staff on a ‘need to know’ basis. Together with the senior management of the orchestra, I witnessed and experienced tough and challenging moments. In addition to maintaining the smooth operation of the orchestra, each department head was repeatedly interrogated by audit team members. Piles of files were submitted for screening. Some of the issues stated in the audit report revealed discrepancies between the views of the audit team members and arts administrators. This may shed light on the issues when we draw a conclusion on whether a VFM study is an appropriate study to reveal a full picture of the value of a performing arts organization.

4.4 Analysis and Reflections

4.4.1 Relationship between Artistic Achievement and Arts Management

Governance and management of an arts organization are of considerable influence on a performing arts group’s ability to realize its artistic vision and achievement (CPA, 2006). In coherence with Martin’s statement, arts managers (administrators) are involved in the facilitation of the production and creative process (Martin, 1998). An arts managers is required to have a balance of skills and competencies as a scholar, aesthete and connoisseur, on the one hand, and as a fundraiser, publicist and diplomat on the other, and to resolve ad hoc operational problems and conflicts during the

creative process of arts production (Chong, 2002). We all understand that over-emphasis of bureaucratic management systems such as reports, long lines of authority and a strict hierarchy will disrupt and hinder creative processes (Hagoort, 2003), therefore an appropriate and sound management system that fits well with the purpose and identity of an arts organization is especially important in ensuring an appropriate environment to achieve artistic vision. When governments of different countries have looked increasingly to the economic contribution of the arts and the cultural industries as justification for arts organizations' existence, arts managers have to face more and more pressure to secure financial stability, yet allow aesthetic programming to take place. In other words, the artistic achievement and management of an arts organization are closely connected, as in a marital relationship based on mutual respect, and are complementary, though sometimes they are not necessarily chosen in accordance with their own wishes (Mehta, 2003). It is impossible to achieve artistic vision with excellence if management support is weak and unsatisfactory.

The Audit Commission mentioned that corporate governance and management have a direct bearing on a performing arts group's ability to realize its artistic vision and achievement. When it carried out the audit review of the HKCO, it took into account CPA's 2006 report that 'a set of clear and measurable funding assessment criteria with appropriate weighting on governance and management should be developed for the major performing arts groups' (Audit Commission, 2010). In other words, it acknowledged the close and direct relationship between artistic achievement and the management of a performing arts organization. However, it was indicated on the same page that the audit review focused on the governance and management issue only, and that the review 'did not touch on the artistic merit of the HKCO work'. If the disclaimer made by the Audit Commission was not 'illogical and contradicting' (Chou,

2010), the disclaimer had already indicated that the report had failed to reflect the whole picture on the value of a performing arts organization such as HKCO.

4.4.2 Corporate Governance

Performing arts organizations operate under conditions of risk and change all the time (Roche & Whitehead, 2005). In the performance arts industry, uncertainty arises from the external changing environment and from the creative process itself. Embracing corporate governance of a non-profit arts organization is therefore complex and challenging, and it is very important to have a board that understands the risky and changing nature of arts productions. In many other countries, councils (boards) require members to donate and solicit money. For example, a board member of a non-profit ballet company in San Francisco was required to give a minimum of US\$2,500 annually (Carpenter, 2000). However, roles and responsibilities of the board of sub-vented organizations are not just ‘giving money’. The board provides the organization with strategic guidance, leadership and overall direction, and monitors organizational and managerial performance (Efficiency Unit, 2010). It is vital to ensure that the organization has a realistic strategy in place to obtain money, but this strategy may or may not include fundraising by individual board members (BoardCafe@compasspoint.org, accessed 14 May 2008). The culture of the organization is in the hands of the council; and it is not only the artistic side that can wreck the organization, but also the trustee side (Roche & Whitehead, 2005). In order to keep all the board members on the same page, the golden rule that I embrace is to keep up to speed, formally and informally. I understand that I have to bring the board members along and keep them ‘in the loop’, so that they know the organization well enough to give strategic direction in the best interests of the HKCO (Roche & Whitehead, 2005).

The audit report covered three areas in its observations and recommendations of the corporate governance of the HKCO. Apart from recommending the Secretary for Home Affairs to follow up on the issue of compliance with the audit requirements in the funding services agreement signed with the HKCO and other performing arts groups, Audit made recommendations on the declaration of interests and proceedings of meetings to the HKCO (Audit Commission, 2010). As a publicly-funded organization, with around 80 to 85 per cent of its funding from the Hong Kong government, the HKCO has been embracing the principles of good corporate governance since its incorporation (HKCO, 2001). Its exceptional standard of corporate governance for an organization of its nature and size was praised by the panel of judges when the HKCO won the gold award at the Best Corporate Governance Disclosure Awards (Hong Kong Institute of Certified Public Accountants, 2004). With regard to the HKCO's governance practice, a panel of judges of the Directors of the Year Awards made the following remark:

The Council of Hong Kong Chinese Orchestra is a democratic board that makes decisions based on factual analysis and mature and thorough deliberations. Under its leadership, the orchestra has established milestones of success both in Hong Kong and on the international stage and has developed a corporate culture characterized by teamwork, common purpose, shared ownership and pursuit of excellence. The orchestra's corporate governance practices are constituents of a model for any other nonprofit distributing organizations. (Judge's report, Directors of the Year Awards (2004))

After its incorporation in 2001, the HKCO formulated sets of guidelines and manuals to ensure good corporate governance. It adopted strategic measures in managing the change to ensure a smooth transition, and good public and media relations in accord with programmes and activities. This was to build up a new, vibrant image and branding for the HKCO to counter the perception that Chinese music is old fashioned

and that the HKCO is a bureaucratic government organization. Since its incorporation, the HKCO has done more with less, arranging a substantially increased number of activities, and greater audience penetration and community support are recorded (HKCO, 2004). With similar funding of HK\$5.4M (2001/02) and HK\$5.3M (2010/11) (a drop of 3%), the number of activities increased from 92 (2001/02) to 162 (2010/11) (an increase of 74%), with audience figures expanding from 65,359 (2001/02) to 210,215 (2010/11) (an increase of 222%). The government subsidy dropped from 97 per cent (2001/02) to 75 per cent (2010/11). In the HKCO's case, this demonstrated that the value of management in a performing arts company is how far it facilitates the development of the artistic vision of the company and at the same time maintains good governance and management support (Chow, 2012). (Appendix XVII – Ten-Year Performance Chart of the HKCO)

In accordance with the normal practice of a VFM study, the report could not reveal what issues had been scrutinized and would seldom give credit to the audited organization, even if it performed well on the audited issues. For example, when LegCo members questioned the director of audit at a PAC meeting on why the report did not mention other governance issues such as board members' attendance, the answer was that 'the attendance record of the HKCO board members is good, therefore, it is not mentioned'.

During the audit, I once raised a request to the audit team about whether they could list the areas being inspected so that the general public would have a full picture of what had been audited and that we had met the requirement, just like a health check. The answer from the Audit Commission was that an audit report is a negative report. It would only raise the issues that it felt were unsatisfactory or needed improvement.

There are many practices in the HKCO that embrace good corporate governance, but these were not mentioned in the VFM report, for example the good attendance rate of the council; the issue of an annual meeting schedule to all council members; stipulated meeting times of council and committee meetings, so that members can reserve the dates in their diary well in advance; and the issue of an agenda two weeks before meetings, although many listed companies in Hong Kong only require one week's notice. To cope with the ever-changing nature of the performing arts industry, the council of the HKCO had a thorough understanding of this nature, yet also accepted the need for ad hoc meetings that might not follow the meeting schedule set out in a bureaucratic manner. However, one of the key functions of a VFM study is procedural checking and requires 'the administration department to distribute meeting documents within the stipulated time' (Audit Commission, 2010).

It is unsatisfactory that, even though the organization is performing well in nine areas out of ten, the general public will never become aware of the nine good issues, only the one area that needs improvement. If VFM studies continue to maintain their 'negative' nature and reveal only those areas that need improvement, by their nature they fail to reflect a full picture of the performance of an audited organization.

4.4.3 Core Activities

Part 3 of the audit report relates to the core activities of the HKCO. The audit team chose to examine the conduct of the organization of regular concerts and concentrated on the area of reporting performance results to the government (Audit Commission, 2010); the issue of complimentary tickets (Audit Commission, 2010); and formulating the seating and ticketing strategy (Audit Commission, 2010). We see below that there are some discrepancies between the views of the VFM auditors and the practice of

various arts administrators in the real world. However, it is unsatisfactory that a mere variation in practice was presented in the report in a misleading fashion as a kind of malfunction of the management, or that the organization was not ‘value for money’.

(i) Performance Results

Similar to other major performing arts companies, the HKCO has to submit a self-evaluation report each year in a specific format provided by HAB. The Audit Commission spotted that the governing body did not provide clear definitions and methodologies on the information that was to be complied with by the performance. Different performing groups apply their own definition, and that applied by the HKCO is different from the interpretation of the Audit Commission, causing some variance in the results. Since there is no predefined interpretation and methodology for calculating figures for complimentary tickets, the paying audience, attendance rates and ticket proceeds, the HKCO took the literal interpretation and had been consistent in this manner over the years, after thorough discussion by its council and years of practical experience in the arts industry. What is more important, in accordance with the signed Funding and Services Agreement (clause 5(b)) between the HKCO and HAB, the HKCO notified the government in advance, in writing, of each meeting and provided the government with all the relevant papers and minutes. All council meetings and resolutions were made in the presence of government representatives, and no objection or questions had been received from the government. In other words, the government was fully aware of the HKCO policy and practice over the years. To be fair, the Audit Commission had recommended that the Secretary for Home Affairs (para 3.10) should work out an improved reporting basis with all the major performing arts groups, including the HKCO, but this was not the HKCO alone. Unfortunately, the media misinterpreted this variance as a kind of malpractice and blamed the HKCO

management for being misleading or hiding figures intentionally.

(ii) Number of Tickets Sold or Counting Ticket Stubs

There are two ways of calculating the attendance of a performance in arts administration practice. Some administrators rely on counting the ticket stubs collected at the venue, while others work on the basis of computer sales as their standard practice. Counting ticket stubs is a method that records how many people turn up to attend a performance physically, while using computer sales records the attractiveness of a performance although, for personal reasons, some people fail to show up. Besides, counting ticket stubs is not totally reliable, because some audience members or artistes may arrive during the intermission and fail to return their ticket stubs. Both methods are currently in use by various organizations and countries.

As one of the nine major performing arts groups in Hong Kong, the HKCO adopted local practice by calculating the attendance rate with reference to ticketing reporting by the urban centralized ticketing computer system, URB TIX.¹⁰ Although I explained the practice and concepts clearly when I was interviewed by the Audit Commission, and it was admitted that the staff of the LCSD venue had confirmed that this is the practice in Hong Kong, the audit team members disagreed with this concept and challenged the HKCO's practice of using computer records.

(iii) Venue Capacity or Ticketing Strategies

The HKCO council had a thorough discussion of the calculation of attendance rate at a council meeting, in the presence of the government's representative as an observer.

¹⁰ URB TIX is the urban ticketing system which is widely used in Hong Kong.

Since there were no guidelines from the government on the calculation of attendance rates, each performing arts group was allowed to come up with its own definition of the numerator and denominator in the equation. The HKCO adopted the following definition to calculate the attendance rate:

$$\text{Attendance Rate} = \frac{\text{Number in the Audience}}{\text{Number of Tickets for Sale}}$$

Note: Number in the audience is defined as:

Number of tickets sold through URB TIX + complimentary tickets priced zero

Number of tickets for sale is defined as:

Venue capacity– seats blocked due to technical issues.

In the HKCO's case, the number of tickets sold was used as the numerator in the equation, rather than the number of ticket stubs. Following industry practice in Hong Kong, the HKCO obtained the number of tickets sold from the official ticketing report issued by the URB TIX computer system. During the interrogation, the HKCO's senior management actually explained this industry practice to senior staff of the Audit Commission. However, this concept was not accepted, although it was admitted that, again, the staff at the relevant venues had confirmed that this is industry practice in Hong Kong.

In view of the need to ensure optimal viewing and acoustic effects for the audience, the seating capacity and arrangements at each performance are formulated on a case-by-case basis, according to whether it is a concert, drama or dance production. This, in fact, is the usual practice among performing arts groups. In other words, the seating capacity for various productions may be different, even at the same venue. Therefore, a group that always performs in a small hall might achieve very high

attendance rates with fewer audience members, while those who need to perform at a major venue might only have a lower attendance rate, even though the total number of people in the audience is larger. In real-life situations, the number of seats released for sale will be different for various drama, dance or even concert productions. For drama and dance productions, the management of the theatre or dance company will usually use the number of tickets for sale instead of the venue's total capacity, because some seats will be blocked from public sale due to the stage set-up or sightline issues. Blocking seats may not be usual for Western symphony orchestras. However, for a Chinese orchestra such as the HKCO, it is commonly done for reasons to do with the technical set up and better acoustics, because of collaboration with various art forms for which different settings are required, due to the stage set-up or the use of projection. Therefore, many seats may have to be blocked from sale. Besides, percussion in a Chinese orchestra is loud, and the acoustic design of the Hong Kong Cultural Centre Concert Hall was intended for Western orchestra performances. The rows of seats close to the stage are not good for a HKCO audience's ears.

Since there is no standard measuring method offered by the government, each group can come up with its own measuring method. That means, if an orchestra closes the balcony and uses the number of seats in the stalls as the seating capacity for calculations, the attendance rate will be higher than for another orchestra that opens up the balcony seats for sale. Therefore, the attendance rate of each production or different performing arts group may not reveal the full picture to the government or the public. After thorough discussion, the HKCO adopted the following method:

- To avoid misleading the public, in all public reports the HKCO uses the total number in the audience, not the attendance rate.

- In order to act as a consistent basis on which to compare the performance of each production for strategic marketing and planning, a predefined audience capacity of 1,496 seats (Hong Kong Cultural Centre concert hall) and 1,206 seats (Hong Kong City Hall concert hall) has been used in all internal concert reports presented at council meetings and self-evaluation reports submitted to the government.

(iv) Controlling the Issue of Complimentary Tickets

The Audit Commission compared the ticketing strategy of the LCSD with that of the HKCO, and stated that the HKCO's is more generous, its monitoring system more relaxed and that it is not properly recorded.

In the audit report, the chairman of the HKCO responded in paragraph 3.26 that the HKCO and LCSD are two different types of organizations. While the LCSD is a government department, fully funded by public money, the HKCO is a sub-vented organization and has to be more proactive in its marketing strategy. Due to the background of Hong Kong, compared to Western art forms, a Chinese orchestra is yet to become mainstream in Hong Kong. The levels of appreciation and acceptance of classical Chinese orchestral music among Hong Kong people are still low. There is a huge need for public education and promotion to raise interest. Promotional tickets for Chinese orchestral music is part of the HKCO's marketing strategy, planned carefully and professionally, and approved by the council. Many complimentary tickets were distributed to sponsors, local and overseas arts organizations, educational institutions, media partners, co-organizers, and government and consular officials. All these are HKCO's close partners and can help to enhance awareness of Chinese orchestral music in the long term. In addition, some complimentary tickets are issued to charitable

organizations for use by the underprivileged. Being a publicly funded organization, the HKCO believes that music is for all, not just those who can afford to buy tickets. Therefore, it issues complimentary tickets strategically as a social responsibility. One of the objectives of the corporatization of the HKCO was to provide autonomy in its administration.

The industry also questioned the Audit Commission on its misuse of benchmarking. The LCSD and the HKCO are two different offices by their nature: the LCSD is a government office and the HKCO a limited company that needs to operate strategically to sustain itself. If the Audit Commission had wanted to undertake a comparative study, it should interview the management of other sub-vented organizations, as they are of a similar nature. In its interrogation, the Audit Commission also questioned the process of issuing complimentary tickets and commented as shown in the following table of HKCO practice and Audit's comments:

Table 3 Audit's Comments on HKCO Practice

Practice by HKCO	Comments made by Audit
<ul style="list-style-type: none"> ● Management to maintain a register on a computer to record any requests. ● Issue complimentary tickets or promotional tickets in accordance with requirements, as set out in the marketing manual of the HKCO. ● Greet guests at the venue and distribute tickets as requested. ● Circulate at council meetings a list 	<ul style="list-style-type: none"> ● Management should record more details about the request, such as the date of request, whether by fax or by phone, and who took call, in a separate register before entering on the computer. ● HKCO should ask the guest to sign a reply slip to acknowledge receipt of tickets, so that the receipt of tickets is properly recorded. ● Record in the meetings that a list of

of guests.	guests was circulated at the council meeting.
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The Audit Commission suggested a detailed and precise process for handling complimentary tickets. However, due to limited staffing in an organization with finite resources, most performing arts groups in Hong Kong adopt a similar practice to that of the HKCO. These deviations can be avoided if audit team members are equipped with relevant industry knowledge, or if the Audit Commission in Hong Kong invited advisors from the industry to give their professional knowledge, as do Canada or Ireland, so that these misleading comments on practice can be avoided.

4.4.4 Human Resources Management

Human resources management received more and more attention in the approach to the twenty-first century. More and more companies choose chief human resources officers when looking to fill their chief executive officer positions, although chief operation officers or chief finance officers used to be the main candidates. This is because attracting the right talent, creating the right organizational structure and building the right culture are essential in driving strategy (Harvard Business Review, December 2014) and are deemed necessary to the success of an organization. This is extremely important in the performing arts industry. Part 4 of the audit report concerns the human resources management of the HKCO, in which four areas were touched:

- (i) Working hours of artistic staff (paras. 4.2 to 4.9)
- (ii) Work deployment of outgoing artistic staff (paras. 4.10 to 4.15)
- (iii) Duty visits outside Hong Kong (paras. 4.16 to 4.26)
- (iv) Management of the research and development officer (paras. 4.27 to 4.36).

Of the four areas, the working hours of artistic staff, the duty visits outside of Hong Kong, and the management of the research and development officer were the focus of public and media attention.

(i) Working Hours of Artistic Staff

Audit sampling checked the duty rosters for the months of April, May, September and December 2008. The results showed that, with the exception of May 2008, the scheduled working hours for the months were less than the contracted working hours. In addition, the VFM audit checked the actual working hours of a sample of 20 artistic staff (covering three different ranks and all four sections of the orchestra). The results showed that the actual working hours were 43 per cent less than the contracted working hours for that year. Therefore, the audit recommended that the HKCO should closely monitor the working hours of artistic staff to ensure that they are gainfully employed in accordance with the employment contract provisions. Moreover, the HKCO should put any spare artistic staff resources to beneficial use, such as on outreach community activities.

During the audit interview, management explained to the audit team that most of the preparation for a concert involved many musicians undertaking self-practice sessions in addition to whole-group rehearsals. Due to lack of orchestral accommodation, self-practice takes place at home or in various corners of the orchestra's accommodation. In practice, it is difficult to measure the working hours of each individual, and those recorded by the HKCO were only those for whole-group rehearsals. To ensure that the HKCO's musicians perform to world-class artistic standards and adhere to good discipline, a 360 degree assessment system and a state-of-the-art annual review mechanism have been introduced.

As explained by the HKCO management, it was difficult to quantify the working hours of individual practice sessions. For example, for a concert to be staged in March 2010 at the Hong Kong Arts Festival, the musicians were required to play 298 pages of new music written in modern styles with great technical demands. On average, it takes 30 minutes to one hour for a musician to analyse and become familiar with a single page of such a new score. Therefore, a total of 149 hours is required, in addition to the 28-hour per week rehearsals for this concert. In an effort to popularize and modernize classical Chinese music, the HKCO has commissioned over 2,300 new pieces, which have since been widely recognized. Therefore, the HCKO musicians need to devote considerable time to practising new compositions.

Instead of managing the musicians as factory technicians and keeping them straitjacketed, the HKCO has adopted a means-end perspective and manages them in a way that facilitates the creativity and character of a musician. When the conductor was satisfied with the group's performance, the conductor would release musicians for self-practice. This was in line with international and national practice, and common in Western music groups as well. This is likely to be the most scientific and systematic way to manage performers in a Chinese orchestra.

Another argument between the HKCO management and the Audit Commission was the call times of musicians. For example, the call time for each session was three hours. When the orchestra has a concert, the management calls musicians for duty from 7:30 pm to 10:30 pm, and musicians are released when the concert finishes. In the management's view, there was no point keeping the musicians backstage until 10:30 pm if the concert finished earlier, for instance at 10:00 pm. However, from audit's point of view, the half hour was considered to be a shortfall in working hours. Though

many people understand international practice and how it is impossible to measure the working hours of an artiste, the musicians of the HKCO were unfortunately criticized as lazy workers.

(ii) Flights and accommodation on overseas tours

Another controversial issue was the flights and accommodation on overseas tours.

Air Passage

In accordance with the HKCO human resources manual, economy class air passage should be provided for council members and staff up to executive director and artistic director during duty visits outside Hong Kong. However, the artistic director, executive director and council member were entitled to business class if the overseas visits were of a performance nature.

Based on a sample check of the government-subsidized duty visits, at the PAC public hearing Audit pointed out some non-compliance cases, and alleged that they were a case of non-compliance. During the interrogation, the HKCO explained to the Audit Commission that the trips to New Zealand, Beijing and the UK were of a performance nature. These trips were different from normal duty visits, therefore the non-compliance allegation was inappropriate. However, the audit team did not accept this explanation.

With regard to international practice concerning air passage arrangements, the HKCO's governing body gave the following statement in Report to PAC (2010, p.111):

Regarding the class of air passage that is normally provided by the government for overseas artists/performance groups, the Leisure and

Cultural Services Department (LCSD) has been consulted. We understand that it is an established practice of the LCSD to offer engagement terms, covering air passage, to visiting artists/performance groups having regard to their respective international standing. The arrangement will be agreed upon negotiation. Therefore the agreed terms would vary from case to case, and it is not uncommon to offer business class airfare for the more celebrated artists. Such arrangement is in line with the long-standing and widely accepted practice adopted by presenters in the international performing arts market.

Accommodation

Audit Commission pointed out cases in the accommodation arrangements during overseas visit, but these were eventually confirmed not to be instances of non-compliance, because the accommodation was provided by the presenters, based on their recognition of the HKCO's renowned status on the international music stage.

I am sure that the management of all NGOs would welcome sound recommendations following a VFM audit, so that they could improve their efficiency and effectiveness, as well as spending public money in a more economical way. However, with regard to the allegation of non-compliance in the HKCO's case, although clarification was made at a public hearing the damage was already done when the newspaper headlines described the executive director as a 'big spender', using tax payers' money to enjoy first-class air passage for her own interests, or that the non-compliance cases involved personnel ranging from the council members to musicians.

After incorporation in 2001, the HKCO had to seek extra funding to support its overseas performance trips. To make trips possible, it would request that presenters covered an engagement fee, the international travel and the accommodation arrangements. Presenters such as international festivals, venues or the Hong Kong

Economic Trade Office in other countries provided appropriate air passage and lodging in accordance with their own budget and the international status of the HKCO. In other words, it was the Hong Kong Economic Trade Office's decision as to what engagement terms should be offered. It was unfair to put the blame on HKCO staff for wasting government money. Looking at it from a marketing point of view, would it be a good recognition of the HKCO's international status, in this case, to do otherwise?

As mentioned above, the HKCO has already become a limited company instead of a government office. It is interesting to learn from the report that the reason that the Audit Commission had requested the HKCO to review its guidelines was because 'staff of comparable rank in government and other sub-vented bodies were only entitled to economy class air passage'.

(iii) Management of the Research and Development Officer

The audit observed that the HKCO had not promptly sorted out with the research and development (R&D) officer the intellectual property rights issue and the cost implications when the officer informed the HKCO that he would commence research work on the *eco-gaohu*, *eco-erhu* and *eco-zhonghu* (the *huqin* family includes the *gaohu*, *erhu*, *zhonghu*, *gehu* and *bass gehu*). The issue was brought up for discussion when the HKCO was considered the renewal of the R&D officer's employment contract, at a time when the research costs had already been incurred without any prior approval or budgetary control.

Although the HKCO explained in the report that it had originally planned to conduct research work on the *eco-gehu* and *eco-bass gehu* only, this officer had taken the initiative also to develop the *eco-gaohu*, *eco-erhu* and *eco-zhonghu*. Since even the

R&D officer was not certain whether the development work would be successful, he had paid all expenses. Instead of committing to the R&D work when the results had considerable uncertainty, the HKCO paid a reasonable price (HK\$350,000 for 36 research products) to cover all the related expenses, office space, equipment and products, meaning that each *huqin* cost HK\$9,722. This price is about half that of a *huqin* for professional use. Besides, it was not mentioned in the report that the R&D officer took the initiative to allocate space at his home for his R&D office. The HKCO had actually undertaken this work in an efficient, effective and economical manner.

4.4.5 Other Administrative Issues

The most controversial item of part 5 is fixed asset management, in respect of the storage of drums purchased for the Hong Kong Drum Festival (Audit Commission, 2011). The opening rally was originally scheduled for September 2003. After the outbreak of Severe Acute Respiratory Syndrome (SARS) in 2003, the Hong Kong government organized the ‘Re-launch Hong Kong’ campaign and invited the HKCO to rearrange its rally to an earlier date, in July. Drums were therefore purchased to support the campaign. The purchase was paid by the government as a one-off project. The ‘Re-launch Hong Kong’ office was disbanded after the campaign. Similar to a drama production, the drums purchased by HKCO were treated in the accounts as disposable items, as would be the set of a theatre production. Though some companies might consider such a stage set to be a fixed asset if it became used in repertoire, most would write off the set, since it was for a one-off production. It is a pity that the audit report did not reveal the details and underlying reasons, taking into consideration the entire event, instead of concentrating on the expense of resourcing and storing these drums.

The HKCO hoped to achieve a Guinness World Record community event through this

rally at the festival. A total of 3,146 participants were recruited and, after searching all the musical instrument stores, only about 2,000 drums were available – not enough for them all. Instead of seeing the underlying value of this community project to raise the community's spirits after SARS, the media criticized the HKCO for wasting public money, because 'The 1,975 drums purchased for the first Drum Festival were excessive to the HKCO's normal requirements'.

An alternative accounting procedure was offered by the Audit Commission for future consideration and was appreciated. However, if we are talking 'value for money', attention should be paid to value, not the administrative procedures (Chou, 2010).

4.5 HKCO's Value Not Included in VFM Audit

It is a truism that a VFM study that helps to ensure careful use of public money should be well respected. However, the value of a performing arts group to society is often difficult to measure and to reveal in financial figures or an administrative reporting system. The value of the HKCO is more than just a flagship performing arts group in Hong Kong. Its existence is an iconic, influential figure in the history of Chinese orchestral music. It has a total worth representing its contributions to and impact on the sustainability and development of Chinese orchestral music. In comparison to the 300-year history of Western symphony orchestras, the modern Chinese orchestra has developed since the 1920s, a history of less than a century. (Appendix XVIII – Development of Modern Chinese orchestra)

While the development of Chinese orchestras was brought to a virtual standstill and took time to pick up after the Cultural Revolution, such orchestras flourished outside of Mainland China. A considerable number of amateur and professional Chinese

orchestras were set up in Singapore, Taiwan and Hong Kong, and have since developed at a steady pace. Since its inception in 1977, the HKCO has played a leading role among its peer Chinese orchestras. The HKCO's position as the leading Chinese orchestra in the world was ascertained at the conference held in 2008. This was organized by the China Nationalities Orchestra Society after the performance of the HKCO at the grand opening of the National Centre for the Performing Arts in Beijing, and it was the only Chinese orchestra to be invited to this high-profile event. Attendees of the conference included renowned conductors, composers, professors, academics and musicians, as well as orchestra managers in Chinese music circles (Yu, 2011). Attendees recognized the achievement of the HKCO, as it has set numerous milestones in the historic development of Chinese orchestral music. However, none of these or its many other values and ripple effects were mentioned in the VFM study:

(i) Raising the Spirits of Hong Kong people after the SARs Outbreak of 2003

Among many Chinese instrumental music festivals, it is worth elaborating in further detail the organization of the Hong Kong Drum Festival of 2003, outlined above. It was originally planned for the September 2003 orchestral season's activities. After the SARS outbreak¹¹ of early 2003, the Hong Kong government planned to implement a 'Re-launch Hong Kong' campaign to raise the spirits of Hong Kong people. Knowing that Drum Festival planning was underway, the coordination office of 'Re-launch Hong Kong' invited the HKCO to bring forward the opening ceremony to match the government's schedule. The HKCO originally planned to invite about 2,000 drummers

¹¹ Severe acute respiratory syndrome (SARS) hit Hong Kong in March 2003. A total of 1,750 cases were identified during the period 11 March to 6 June, and 286 people died of the disease. Not only did it cause severe health and economic problems; the outbreak also brought on depression and had a psychological impact on the Hong Kong community.

from the community to create a new world record for the largest drum ensemble. Astonishingly, more than 3,000 people enrolled for this event. Although the number of drums prepared was not enough for all the participants, the 3,140 participants from all sectors of the community managed to share drums, and gathered at Hong Kong's Victoria Park to participate in this historic event. Disregarding the July climate, usually considered too hot for an outdoor event, the rally was well received by enthusiastic participants. It was also surprising to receive purchase orders from schools and social organizations to set up drum groups following the event.

Originally planned as a one-off event, the Hong Kong Drum Festival has now become a remarkable annual cultural event. As of 2013, the festival has organized a total number of 17 concerts featuring drum culture. Some 693 teams with 9,643 participants aged from two-and-a-half to 88 years have participated in the competition since that first Drum Festival in 2003 (HKCO: 2012/13, pp.38–39). The event was remarked on as an historic event during the SARs period to raise people's spirits. (Appendix XIX – Core Programme of Hong Kong Drum Festival 2003)

(ii) Community Engagement

Before 2001, the activities of the HKCO were concentrated on regular classical concerts at concert halls or outreach concerts at schools. According to records, the HKCO organized 33 normal concerts and 50 outreach activities in 2000/01, a total of 83. After incorporation in 2001, the HKCO provided an array of activities covering classical as well as popular concerts, educational activities and community engagement events. A total of 276 regular concerts, education, outreach, promotional activities and outbound cultural exchange activities were held in 2012/13, representing a 230 per cent increase in penetration. The HKCO has developed from a purely performance

company into an entity that organizes full orchestral concerts, ensembles, arts education activities, conferences and competitions, as well as research and development. It promotes Chinese music in an all-round capacity in Hong Kong and overseas. As a publicly funded organization, the HKCO believes that the orchestra serves the community as a whole, not just those who can afford to buy tickets. In addition to organizing youth/children orchestras and instrumental classes, the orchestra designed two special schemes, namely ‘Music about Love’ and ‘Chinese Music Alive’ to provide music appreciation and education opportunities for the underprivileged. Free tickets are distributed to underprivileged families and social welfare organizations so that they can attend Chinese music concerts, as do ordinary people, and be embraced by the community.

With a view to encouraging more community involvement and interaction, the HKCO has organized various instrumental festivals to foster the orchestra’s engagement with the public. In addition to concerts, workshops and exhibitions, large-scale opening rallies were organized at instrumental festivals to engage the community. The HKCO joined with the Hong Kong Chinese Instrumental Music Association to organize the Hong Kong International Festival of Chinese Orchestras from 4 to 11 October 2008. Professional and amateur Chinese music groups from over ten countries and regions gave more than ten concerts in various venues and community centres across Hong Kong. All the amateur groups covered their own travel expenses to attend this meaningful event. It was the first time in Hong Kong that a professional orchestra has collaborated with local amateur music groups to organize such a major community event. A total of three Guinness world records were broken in joining up with the community of Hong Kong.

Table 4: Guinness World Records Achieved by the HKCO and the Hong Kong Community

Name of Festivals	Guinness World Record Created Together with the of Hong Kong Community
Hong Kong <i>Huqin</i> Festival	Conducted by Yan Huichang, a total of 938 <i>erhu</i> players aged between 6 and 76 years performed with the HKCO at the opening ceremony of the <i>Huqin</i> Festival of Hong Kong at the Hong Kong Cultural Centre on 11 February 2001.
Hong Kong Drum Festival	Under the baton of Yan Huichang, a total of 3,140 percussion players performed with the HKCO at the opening ceremony of the Hong Kong Drum Festival at Hong Kong's Victoria Park on 13 July 2003.
Hong Kong <i>Dizi</i> and <i>Xiao</i> Festival	The largest flute ensemble consisted of 556 participants performing with the HKCO at the Hong Kong <i>Dizi</i> and <i>Xiao</i> Festival at the Avenue of Stars, Hong Kong, China on 3 July 2005.

(iii) Provision of Training to Boost Hong Kong's Young Talent

HKCO also works closely with education institutions to boost young talent in Hong Kong. A range of projects includes an internship programme for Chinese music students at the Hong Kong Academy for Performing Arts, a placement arrangement for young talent in collaboration with HKADC, 'train-the-trainers' workshops for music teachers in both secondary schools and the Hong Kong Music Office, as well as other short- and long-term music workshops and seminars. Not only will this contribution to professional arts education have an impact on the sustainability of Chinese orchestral music, it is a fulfilment of social corporate responsibility to cope with the development of Hong Kong, such as the WKCD,¹² where nurturing the audience and young artistes is the major task.

¹² The West Kowloon Cultural District (WKCD) is the largest arts and cultural project in Hong Kong, to date. It aims to be developed as an arts and cultural hub with world-class facilities. Taking up 40 hectares, the district will include 17 core arts and cultural venues as well as space for arts education. Xiqu Centre will be the first performing arts venue established, estimated to be finished in 2018.

(iv) Role in Cultural Diplomacy

According to the policy set by UC, the subsidy for the orchestra is for the community of Hong Kong, and so the orchestra has to raise sponsorship to support touring expenses abroad. This policy has limited the orchestra's appearance on the international arts stage. With urban rates being the main source of finance and the heavy commitment to the provision of services for the people in Hong Kong, the UC retained tight control of the HKCO's overseas touring performances. Though we all understood that an appearance on the international arts stage was very important to the development of an orchestra, performing overseas had been a hard nut to crack for the management of the HKCO. Even after corporatization in 2001, the annual funding was for the provision of only local activities. The HKCO had to seek extra support from corporations or foundations to cover overseas expenses. Only in 2009 did the HKCO manage to unleash itself from this feudal ideology and had the autonomy to allocate its annual funding in support of meaningful overseas performances. The artistic excellence of the HKCO received acclaim from audiences and music circles alike, via overseas performances in different countries. Demonstrating contemporary music using traditional Chinese instruments, the HKCO is widely acclaimed to be the 'cultural ambassador of Hong Kong' with its unique sound demonstrating the cosmopolitan image of Hong Kong. (Appendix XX – Touring Record of HKCO from 2001–2015)

(v) Commissioning of New Pieces

In comparison with Western symphony orchestras, Chinese orchestral music has only a short history. To sustain the development of Chinese orchestral music art form, Ng Tai

Kong¹³ has emphasized the importance of commissioning new works to build up the repertoire. Since the inauguration of the HKCO in 1977, this has encouraged new commissions in a variety of styles. Since 1977, the HKCO has commissioned over 2,300 new compositions and arrangements. In addition to those from Mainland China, the HKCO has engaged composers from countries such as Malaysia, Japan, Canada, Africa, Korea, UK, Belgium, Luxemburg, Poland and USA. Moreover, the HKCO has laid emphasis on nurturing local-born composers by regularly commissioning and including Hong Kong composers' pieces in its touring performances, implementing a special project, 'Cadenzas of Hong Kong'. In addition, it collaborates with organizations such as the Composers and Authors Society of Hong Kong, Asia Composers League and Hong Kong Composers' Guild to encourage new composition and nourish local-born composers. The HKCO's contribution to the development of Chinese orchestral music is recognized by the awards that it has received: 'Most Outstanding Achievement in Advancing Contemporary Chinese Music', awarded by the International Society of Contemporary Music World Music Days (2002), and 'Most Outstanding Achievement in Advancing Asian Contemporary Music', awarded by the Asian Composers League (2007).

(vi) Research and Development of Chinese Musical Instruments

Since the late Ming dynasty, Chinese music has relied on stringed instruments, called *huqin*, in which the sound box is covered by python skin. China makes about 500,000 bowed instruments each year. To make eight requires a 1.2 metre python, meaning that more than 60,000 are killed annually to make Chinese music. The original intention of the orchestra's research project was not only to save an endangered species but to

¹³ Music Director of Hong Kong Chinese Orchestra 1977–1985.

overcome the *huqin's* unstable musical qualities in environments of varying humidity. International controls on snakeskin products were another trigger for the research. When the project started in 2005, the government did not allocate extra funding to support the HKCO on this work. There was no money and no space to do the research. The R&D officer had to use his own savings to buy machines and materials, and he did all the work, using his own home as a workshop. Despite these hurdles, the modifications resulted in a more powerful and more homogeneous sound. The sound is stable, clearer and brighter. Apart from winning attention from the world's media coverage and recognition in terms of local awards for products of environmental excellence, the eco-*huqin* series was one of 20 winners of a national prize among 144 entries from top institutions in China.

(vii) Milestones in the Development of Chinese Orchestral Music

HKCO has organized various competitions and conferences to foster the development of Chinese orchestral music. Apart from an academic conference in composition, the orchestra presented the world's first international conducting competition for Chinese Music in 2011. Remarked upon by the chairman of the Chinese musicians' association, this international competition was a groundbreaking move in large-scale, modern Chinese music performance over the past century. It was a launch pad for young conducting talent, as well as for Chinese orchestral music. He commented that the competition not only added magical charm to the genre of Chinese music, but was also a milestone in its history.

4.6 A Brief Summary

Corporate branding is usually perceived as a term only for the commercial world, and it used to be an issue secondary to marketing in a company. However, this term has

already been extended to individuals, non-profit organizations, nations, regions and cities in the twenty-first century. Approaching this century, many business leaders realized the importance of branding and have come to see their brand as their company's primary asset, regarding its management as a priority. While we talk of product design, marketing or publicity issues in a tangible way, corporate branding is intangible and takes time to build up gradually. The tangible return from corporate branding is also difficult to measure, because of its nature and the problem of tracing a direct relationship between income, profit and corporate branding (Chong, 2002).

The HKCO, like many other non-profit or performing arts organizations, has suffered from declining government support, and is faced with growing demand for accountability and efficiency in its performances. Enormous effort has to be put in to draw down extra income from private and corporate support. However, the work to promote the orchestra has been complicated by growing competition for public attention. With more competition in the performing arts market, the HKCO is facing severe competition from rapidly growing technology in the music industry. Besides, with the introduction of the new cultural policy recommended by CPA in 2006, the Hong Kong government has been giving huge support to young, emerging and medium-sized performing arts groups, making the arts market even more overcrowded. As with other performing arts groups, the HKCO has to compete for the public's attention. Being in the public eye makes the HKCO and other non-profit organizations subject to media and public scrutiny, which places heavy demands on their ability to justify their causes. There is an increasing need to raise their public profile and document high standards to attract media coverage and simply retain government subsidies. To do this, we need to attract, retain and meet the expectations of members, volunteers, audience, donors and stakeholders.

Since its inauguration in 1977, the HKCO has taken more than 35 years to gain a name for itself on the international stage as a homegrown flagship orchestra of truly world-class quality. It is regrettable that the outrageous descriptions in newspaper headlines, based on the media's understanding of the VFM study, brought the HKCO back down to ground level again. One can imagine how much work and how many more years it will take for the HKCO to rebrand its international image.

Branding is regarded as a management technique. In 1998, Alvin Schleeter, the chairman of the Interbrand Foundation, one of the world's premier brand consultancies, argued that branding is more critical for non-profit organizations than corporate clients. They are competing for the attention of the public and need to have their missions understood to attract volunteers, to motivate staff and to obtain contributions. Sometimes it is hard to focus on and remember which the non-profit organizations are. There is plenty of work to be done to stand out to attract more support and loyalty. As Interbrand's Schleeter suggests, this involves a clear articulation of the mission and values of the organization. The brand plays a role in the formation of bonds between the orchestra, and the donor and audience. Once established, the brand can become an asset for the organization that can be leveraged to generate income or benefit the orchestra in many different ways. It took many years to establish the HKCO brand to differentiate it from similar organizations and establish a unique position in the minds of donors and stakeholders. The development of a distinct brand position promises a way to stand out and attract more support and loyalty. As a large performing arts organization that receives government funding of about HK\$50M a year, I understand that the HKCO is exposed to risks of high visibility that can lead to intense scrutiny and make the brand vulnerable to criticism.

Luckily, the HKCO realized the importance of partnership and collaboration. In addition to collaborating with other non-profit organizations, education institutes, small- or medium-sized performing arts groups and emerging homegrown artistes, we also offer private or commercial companies a range of joint opportunities. Working around our mission and core values, I lead our marketing and development department to ‘groom’ the HKCO as a branding partner for potential corporate collaborators. We understand that corporate partnerships can bring funds, awareness, professional expertise and sometimes credibility to the other organization. Through the experience of working with funders, sponsors and other organization, we were well aware that the HKCO had been working to embrace the principles of corporate governance. While negative newspaper headlines have done certain damage to the public image of the HKCO and affected its audience figures, it was rewarding when we received supportive messages from partners and audience during those hard times. There was also an experience when an arts administrator came to me and said that, although the Audit Commission of Hong Kong may not have agreed with some of the concepts and practice of the HKCO, after reading the Audit Report No. 54, as a professional arts administrator he understood that the HKCO was planning strategically in terms of arts administration practice.

The HKCO’s cultural creation and artistic impact, as exerted for the development of Chinese orchestral music, were widely recognized by the music industry. A new image of the HKCO has been developed through its strategic development and it is now widely acclaimed to be ‘the cultural ambassador of Hong Kong’ and ‘the leading orchestra among Chinese orchestras’. So, for many years, the HKCO has been working in an all-round capacity to promote Chinese music culture, serving the betterment of the general public in Hong Kong. The overall impact and artistic achievement of the

HKCO during this decade have fully demonstrated its ultimate value to the community. The value of the HKCO to the Hong Kong cultural scene was also expressed in the following message by a top government official:

The Hong Kong Chinese Orchestra (HKCO) is a world-acclaimed arts group dedicated to the development of Chinese music with local characteristics. Over the years, it has preserved the best tradition of folk music with the vigor for incessant innovation. It is truly a cultural ambassador of Hong Kong. The tremendous achievements of the HKCO are recognized in the music scene. (Secretary of Home Affairs Bureau, Mr Tsang Tak Sing (HKCO 2011:11))

When the Audit Commission of Hong Kong published its recent audit reports on non-profit-making organizations, the mass media concentrated on corporate governance issues, such as the attendance of board members and conflicts of interest, inappropriate entertainment expenses and airfares, as well as hotel accommodation for senior management on overseas visits. No matter whether the organization or management were strongly condemned by the Audit Commission or not, the usual descriptions applied by the mass media were ‘big spender’, ‘a waste of public money’, ‘misconduct by CEO’, ‘chaotic management’, ‘malpractice of board governance and management’, and so on . This scenario may be attributed to the anti-government trend in Hong Kong during the past few years. The media’s most important concern is to use outrageous wording to describe the senior management of the non-profit-organizations to attract public attention and stimulate sales.

Similar to other non-profit organizations later, the HKCO was attacked by waves of negative newspaper headlines when its audit report was released. Luckily, opposing voices in support of the HKCO were received from columnists or those who have a better understanding of the arts industry. Most of their concern was about the lack of

industry knowledge on the part of the auditors. People doubted if auditors who were used to auditing government offices were equipped with adequate knowledge of the arts and arts administration. The HKCO had already corporatized in 2001 and become a limited company by guarantee, thus arts practitioners remarked that it was inappropriate to audit the HKCO by using government offices as a benchmark. The second question raised by the public was ‘Who audits the work of audit?’ Unlike in other countries, there is no quality control of VFM work in Hong Kong. The Audit Commission neither invited experts to join the audit team nor submitted the draft report to people who were more familiar with the industry, for their objective opinion, before releasing the report. What is worse, the Audit Commission only provided an English version of the draft audit report for the HKCO to respond to before its release. In order to ensure that the correct messages were conveyed to the public and media properly, the HKCO requested a Chinese version of the report before its issue, because most of the audience for this report and the mass media would tend to read only a Chinese version. However, such a request was turned down by the Audit Commission for reasons of time constraints.

With a VFM audit, the Audit Commission is playing the role of an internal auditor, bringing up issues for management to reconsider and improve. The VFM study itself is a kind of management audit that assists the organization to plan and work better in future. Just as Benjamin Tang mentioned in the annual report of the Audit Commission of Hong Kong (2010):

VFM audits of NGOs may be likened to health checks, aiming at helping prevent long-term illness through early diagnosis and treatment. Corporate governance of an organization is similar to the immune system of a human being. Problems with the immune system will inevitably lead to infection and illness.

I think that no one can deny this notion of Benjamin Tang. Yet, unlike ordinary financial auditing, a VFM audit does not have a fixed reporting format. Therefore, the whole process depends very much on industry knowledge on the part of the auditors and their interpretation, and this is why more and more criticism has been made of the integrity of VFM audits in many countries, including Hong Kong. Following the rationale of the health check example quoted by Benjamin Tang (Audit Commission, 2010), when we go to see a doctor there is a list of items. The doctor will go through your medical report and tell you which items have reached the required standard and to which parts you have to pay more attention. A general practitioner will remind you to secure a second opinion from a specialist if further checks are required. He would never put himself forward as a specialist and offer diagnosis in that specific area or highlight only negative items. The worst scenario nowadays in Hong Kong is if the Audit Commission states to the organization to be audited that its VFM study is to be a negative report. Although the organization may have complied with most of the requirements with excellence, its VFM report will only mention those that need improvement, even if this is just a small proportion of those being scrutinized. Therefore, because the VFM study fails to reveal the full picture and value of a performing arts organization, the audience of the report, which has no idea about this arrangement, will receive the erroneous impression that the organization is not performing well.

Chapter 5 Methodologies and Findings

5.1 Rationale for the Research Design

There are various metrics and frameworks to measure the work of an arts organization. Nonetheless, it has become a global trend for all arts administrators and artistes to face the challenge of inappropriate indicators that are ‘not just to measure but to also legitimize most of what we do, even when these metrics are inappropriate or what we are trying to achieve’ (Taylor, 2013). Many arts administrators have been dedicating most of their resources to expressing the value of their arts organization to funders or sponsors, figuring out a way to quantify the quality of their work. The objective of this research project is to investigate whether a VFM audit is an appropriate study in the performing arts industry. It is hoped that this research result can offer policy makers, funders, arts practitioners and the general public a clearer picture.

Performing arts, as part of the creative industries, have a bricolage nature (Klerk, 2015). The nature of creativity involves testing boundaries and challenging perceived limitations (Valliere & Gegenhuber, 2014). The arts environment is dynamic, innovative and ever-changing (Ross, 2009). Both ‘art’ and ‘value’ are difficult to grasp and define in a single sentence, because of their multifaceted nature and complexity. The ‘value of art’ is, undoubtedly, a complicated issue. The rationale of my research design is to choose methodologies that can offer insight, richness, breadth and depth to this research project (Meunier, 2013). The research methodologies must be suitable for the art and cultural industry, with its resource constraints and ever-changing nature. Due to the complexity of art in nature, the bricolage research approach of multiple methodological practices constructed ‘from the tools at hand’ is considered to be relevant in this project (Kincheloe, 2005). The challenge in designing a bricolage

research approach is to consider which combination of methods and perspectives is available, achievable and, at the same time, can add insight to this research (Klerk, 2015).

This research project is a combination of qualitative and quantitative methods using a Priority-Sequence Model that relies on the principle of complementarities (Morgan, 1998). A combination of various approaches generates a better understanding of a research problem than any single approach can do alone. As pointed out by Creswell and Plano Clark (2007), integrating methodological approaches strengthens the overall research design, as the strength of one approach offsets the weaknesses of the other to give broader and more reliable evidence. Different types of methodologies complement each other to provide valid data for analysis and triangulation purposes (Kumar, 2011). Moreover, a mixed method research can encourage interdisciplinary collaboration and the use of multiple paradigms. In this project, quantitative data from the survey could provide a straightforward answer to some of the controversial topics raised by the audit report.

Since surveys do not give the opportunity to ask for more information, I arranged focus group discussions and semi-structured interviews. These methodologies provided room for participants to respond if their answers sparked off a follow-up question. Focus group interviews are useful in my case, because the nature of art is rather complex and requires participants to explain more in detail their opinion on the value of art and VFM audit practice. Focus group discussions and interviews offer opportunities for interviewees to express their own perspective freely in order to add breadth and depth to the research project (Bryman, 2012). This is especially vital for a research project with a complex nature (www.ccs.new.edu, accessed 3 August 2015). The qualitative

methods help to collect participants' elaborated opinions and experiences that would be difficult to obtain through a quantitative data collection method (www.academia.edu, accessed 3 May 2014). My design of methodologies is a concurrent design, meaning that datasets are integrated at the same time in the analysis. In this design, qualitative and quantitative datasets were analysed during the data analysis process to determine whether the findings were contradictory or not. The first phase was to collect qualitative data 'from the tools at hand' (Kincheloe, 2005) via the case study of HKCO, literature reviews, focus groups discussions and semi-structured interviews with both young and experienced arts administrators, as well as professional accountants. The second phase was to collect quantitative data by conducting a survey via questionnaires as a follow up to those principal methods. My primary focus is on collecting and generating data to address my research questions and to enhance further understanding of this real-world problem. The integration of the data collected will be summed up to direct future practice or research.

5.2 Research Questions

The research questions for the project are as follows:

- What is the value of art?
- What is the value of a performing arts organization?
- What is a VFM audit?
- Should VFM studies take into consideration the artistic merit of a performing arts organization?
- Is a VFM study an appropriate method to study the performing arts? If not, how should the study be conducted?

5.3 Project Feasibility and Timescale

5.3.1 Cost

Before conducting this project, I fully understood that it involved monetary and personal cost (Marshall & Rossman, 1989). According to the funding agreement signed between the Hong Kong government and the HKCO, its annual funding is for the organization of regular concerts. Therefore, no extra support in monetary form could be allocated to this research project. During my tenure with the HKCO of over 18 years, including my posting as the programme manager of the HKCO, I have had frequent communication with practitioners in arts circle, as well as decision makers. I encountered no problems in inviting people to attend interviews or to answer structured questions. The monetary cost of this project could be easily covered. However, the sustained effort to complete the project took time away from my commitments to my family, friends and professional associates. Well aware of this personal cost in the pursuance of this study, I built support networks with my family and colleagues in advance, so that we were well prepared to pay for this cost psychologically.

5.3.2 Sufficient Participants

I was acutely aware that obtaining sufficient responses from arts practitioners could be a major problem. In this case, my position in the HKCO offered me the resources and connections in the industry to secure adequate responses from relevant persons. Due to the controversial topics generated by the audit report of the HKCO and the content of the audit reports of other non-profit organization released during recent years, people were interested in revealing their opinions and were willing to have in-depth discussions. People had hesitated to give their views before the LegCo public hearing, as they did not have a thorough understanding of the audit report. The hearing was over when I conducted this research. As a clearer picture of the HKCO's work and

views from the LegCo was conveyed, people felt more comfortable and relaxed about sharing their views and gave their input to this study. A total of 200 questionnaires were distributed and 80 participants were recorded, representing a 40 per cent response rate. Five structured interview and five focus groups discussions were held to collect views.

5.3.3 Researcher Position

Again, my position in the HKCO and the leading position of the orchestra in the arts industry made a significant contribution to the process of collecting data. I was exposed to considerable documentation and updated information in my daily work. This helped my review of the literature. My extensive networking in the industry also enabled me to collect first-hand information from participants. The full support of the HKCO council is also an asset in this research project. Although I had these privileges, I was fully aware of the ethical issues of being an insider–researcher and did not disclose information that was not supposed to be open to the public or academic purposes. Most of the participants whom I approached for the study were aware of the audit report of the HKCO, and I explained clearly to them my role as an insider–researcher and the aim of this study. I was also aware the importance of building up trust, allowing the participants to feel free to express their own views (Marshall & Rossman, 1989). To begin each interview, I started with an open discussion to avoid any chance of them making the mistake that my role was to encourage them to buy-in to supporting the HKCO’s arguments in the audit report.

5.4 Triangulation and Worker–Researcher Issue

Triangulation is a method used by qualitative researchers to check and establish validity in their studies by analyzing a research question from multiple perspectives.

(Guion, 2002)

There are five types of triangulation: data; investigator; theory; methodological; and environmental. Among them, data triangulation and methodological triangulation were relevant to my case, and were applied to check and establish validity in this project.

There is a common misconception that the goal of triangulation is to arrive at consistency across data sources or approaches. In Patton's (2002) view, inconsistencies among different sources or approaches should not be regarded as weakening the evidence, but as an opportunity to uncover deeper meanings in the data. My research project was a combination of qualitative and quantitative methodologies. In other words, I collected multiple types of evidence from various sources. Triangulation brought together quantitative and qualitative data from distinctly different research methods (Baker, 1999). In my study, various sources of information were secured through survey, structured individual interviews and focus group discussions. Participants were arts administrators, funders, auditors and professional accountants, who were all stakeholders. Data triangulation was easy to implement, and was considered to be relevant and applicable to my project.

In addition, the results obtained from the survey and interviews could be compared to see whether similar results were being found. Though it required more time than data triangulation to make the comparison, this method was considered feasible in this project. The other three methods – environmental triangulation, investigator triangulation and theory triangulation – were not feasible. The application of interviews and focus group discussions added depth and breadth to the results. Adding the findings from the focus group discussions and qualitative literature review, validity

and utility of findings were achieved, and this would not be possible if just a single-strategy study was employed.

The whole research process enriched my knowledge of the basic principles of a VFM study and different perspectives in terms of the ‘arts’ and ‘value’, as well as the measurement of the value of the arts. As an insider–researcher of this research project, I stayed alert regarding my position. I was also aware that my perceived views should not influence the outcome of the research results.

As an arts administrator for over 25 years, I have been working to narrow the gap between artistic vision and budget constraints. After the audit report on the HKCO was published in 2009, my interest in exploring on the measurement of a performing arts organization grew stronger. Therefore, I chose this topic when I started developing the research questions for my doctorate dissertation. I fully understood that it was vital to have an interest in the topic that I was to investigate (Patrick, 2009). What is more important was that being interested in a topic and having an interest in the results of an investigation are very different. As an insider–researcher, I had to be very conscious of this. If I had something to gain or lose from the outcome of a particular piece of research, I was not the best person to conduct that research, because I might prefer certain outcomes or findings over others. Like other methodologies, case study has advantages and disadvantages. While case study captures a reality that offers the ‘noise’ of real life as its key benefit (http://education.exeter.ac.uk/tlc/docs/publications/LE_PH_PUB_05.12.01, accessed 30 January, 2015), the most critical disadvantage is the possible bias in data collection and interpretation, because the information is gathered and analysed by a single person (Yin, 2014). Therefore, the research project may gain in depth of information through the methodology of case

study, but may lose in breadth because of a lack of generalization (<http://socialtheoryapplied.com2014/05/24/benefits-drawbacks-case-study> - research, accessed 31 January 2015). As an insider–researcher, I am well aware of the bias issue when presenting the case study of HKCO.

During the course of my research, I was vigilant against the influence of my beliefs and preferences on the research results. I stayed alert to my role as a worker–researcher at the beginning of my research, as well as during its course. I kept an open mind about what my findings might be, and tried not to be constrained by previous work and assumptions in my field.

5.5 Ethical Considerations

Undertaking research in relation to an organization for which I was working as the executive director (ED), I needed to be alert to my own sensitivity and possible conflict of interest in this project. I was aware that, in my position as the ED, I dealt with colleagues who were directly ‘under’ my power and authority. Besides, my position in the orchestra and the leading position of the HKCO in the music industry speak for the power relations and vested interests within the project, and that certain responses might be expected due to an impulse to please me. However, the project was an independent project that was not commissioned by any party. Therefore, it avoided control or distortion of the project outcomes, damage such as withholding research findings, the transfer of blame to a messenger or legal action against an organization that had failed to implement the recommendations.

During the research process, I understood that I must be open at all times to new ideas and to new thoughts. I was conscious of the ethical codes of practice for a

worker–researcher in this work-based learning project. I needed to respond quickly, fairly and visibly to any unforeseen ethical problems, and to maintain appropriate confidentiality and act in good faith throughout the research process. In order to remain sensitive to the impact of my work, I was well aware of the ethical issues at different stages, such as the design stage and when seeking initial access, as well as at the data collection stage and the analysis and report stage.

5.5.1 Design Stage and When Seeking Initial Access

In addition to seeking endorsement and approval from the council of the HKCO for the project title and methodologies at first hand, I also sought its approval to gain access to and release of relevant information and documents. Then, I sent a formal letter to invite participants for the focus groups and interviews. Before conducting the survey, I specified the purpose and the value of this research to the participants, and made sure that they knew that participation was voluntary. I also prepared for participants an outline of intentions and conditions under which the study would be carried out. Participants would be well informed of their rights and the time required from them to give assistance to the research, and I was ready to answer questions for clarification whenever necessary. (Appendix IX – Invitation Letter to Participants of Research Project)

5.5.2 Data Collection Stage

During the collection stage, I stayed within the aims of the study and was honest and open about the conditions of the research, such as the timing and budget constraints. I ensured that participants were told of their freedom to refuse to answer any question or particular sections, and that they might withdraw from the interview at any time. I was also aware of the restrictions on the legal requirements in the collection of data. Due to

my daily workload and the time element, I understood that I should not take on more than that I could manage. The audience survey was conducted in accordance with Personal Data (Privacy) ordinance. Personal data and all the information would be used only in relation to this research. I was aware that I should not distort or misuse the research data. Additionally, I was aware that in the course of interviews I should not in any way press a participant to validate any proposed action.

5.5.3 Analysis and Report Stage

Objectivity was maintained. I made sure that data was collected fully and accurately, and avoided selectivity and the invention of data. I also ensured that no participating organization or participant would be identified. I fully understood the importance of maintaining the anonymity of individuals, because if reporting data were clearly attributable to a particular organization or individuals, embarrassment and even harm could be caused. When the whole project was over, I would send 'thank you' letters to participants. Copies of the research results would also be sent to participants and relevant organizations for future reference, upon request.

5.6 Methodologies and the Findings

5.6.1 The Real-life Case of the VFM Audit

Case study has commonly been applied as a research methodology in disciplines such as psychology, sociology, political science, anthropology, business, education, health and the professions (Yin, 2014). Due to the complex nature of art, the research questions of this project required extensive and in-depth description. In order to provide reliable information for discussion and undertake a systematic inquiry, the real-life case of the VFM audit on the HKCO was relevant and selected (Bromley, 1990). Analysis of the case is detailed in Chapter 4.

5.6.2 Focus Group Discussions

A standard focus group approach, with myself taking the role of moderator, was chosen as one of the methodologies to collect opinions. This approach was inexpensive and allowed room for participants to screen the concept and make refinements if they had any misunderstandings. More creative ideas and insights regarding the issue could also be obtained through this approach. This would help to collective more in-depth information for my research questions. In addition to organizing focus group discussions with arts administrators, I arranged one with accounting professionals such as auditors and accounting consultants to collect views from different perspectives. In selecting members of the group, I considered not only the qualities of individuals but how they interacted as a group, for instances differences in personalities, experience and gender (Baker, 1999). In addition to the pool of accountants/auditors recommended by the chairman of the Hong Kong Institute of Certified Public Accountants, I invited a wide range of both young and mature arts administrators from various offices, covering venues, programmes, festivals and professors. In this regard, a fair and holistic platform was set to collect the required qualitative information. Opinions from management and professional accountants were collected via focus group discussions, instead of from the audience because, as ‘customers’ of the orchestra, when the audience buys tickets to attend performance of the orchestra, it means that they already treasure the intrinsic value that they experience (Holden, 2004, 2006) and have accepted this as its value.

The focus group discussions were held at a place convenient for participants or a coffee shop that provided a quiet and free environment for respondents to express their views. The focus group was designed in the format of a ‘discussion’, not a group ‘interview’ (Boddy, 2005). Participation and a supportive environment were

emphasized. Instead of posing questions to each of the participants as an interview, I allowed adequate time and space for participants to interact with each other to arrive at a more deeply considered answer (Gibbs, 1997; Wilson, 1997; Boddy, 2005; Parker & Tritter, 2006). I am aware of my position as an inside-researcher. I allowed group members to pursue their own discussions on the research topic and provided opportunities for respondents to express their thoughts freely to avoid being regarded by me as unjustified or judgmental (Shah, 2003; Twinn, 1998). During focus group discussions, participants were free to agree or disagree with each other so that insightful discussions were achieved. The focus group discussions offered a range of opinion and ideas based on their experience, belief and practices. Many of them developed and provided new ideas and viewpoints. I was moderating instead of controlling the groups (Gibbs, 1997; Anderson, 1998; Dreachslin, 1999). I identified and invited suitable discussion participants and confined the numbers to six and eight (Bell, 1999).

In my role as moderator, I was aware of the need to create a friendly atmosphere. Before each focus group discussion, I introduced participants to each other. I understood that it was vital at focus group discussions to gain the confidence of the participants, so made them feel relaxed and eager to talk. I outlined the purpose of the meeting and stipulated clearly that it was on a voluntary basis. I introduced questions for discussion at the very start, immediately after the introductions. I began the conversation with open questions to avoid leading to them mistaking my role as requesting them to support the HKCO's arguments about the audit report. During the whole process, I kept the discussion on track and facilitated interaction among members. I stimulated further discussion among participants whenever needed. With a view to providing all participants with a clear understanding of what had been

discussed, I made sure that views were properly recorded, I gave a detailed summary of the main points at the end of each discussion.

I conducted five focus group discussions by grouping together those working in the accounting audit industry and, in relation to the arts industry, at random into four groups. The following categories of personnel were interviewed or engaged in focus groups:

- Government officials from arts-related organizations
- Auditors with no experience in the arts
- Auditors with experience in the arts
- Budding young arts administrators
- Mature arts administrators
- CEOs of major performing arts groups (medium and small size, below 30 staff)
- CEOs of major performing arts group (sized above 30 staff)
- Senior officials from funding bodies
- Senior officials from corporations that sponsor the performing arts
- Artistes
- Arts presenters
- Critics.

5.6.3 Interviews

Interviews were also used to collect data for my project because it was a good methodology for the exploration of more complex and subtle topic (Denscombe, 2010). The VFM audit of the HKCO was the first ever audit review of a performing arts organization in Hong Kong and encountered heat debate when the report was released, and many people were interested to know more, in detail, and to express their views on the report. When I invited people to participate in interviews, all of them accepted the

invitation immediately, without second thought. Measuring the value of art or an arts organization has been an enduring question during these past few decades, so experienced arts practitioners were keen to investigate the topic, and expressed their idea and insights eagerly with passion.

Since complex questions and in-depth insights were required in order to achieve the project aims, I decided to undertake personal semi-structured interviews with key representatives from funding source bodies, partner organizations, peer groups and accounting professionals to collect data on new ideas through mutual communication and feedback. Unlike structured interviews that have a set of questions prepared in advance, semi-structured interviews allow participants to divert and bring up new ideas. This type was adopted in this project to cope with the creative nature of art and the people working within the arts industry. The advantage of doing face-to-face semi-structured interviews was that I could clarify or restate questions if the respondent did not understand the question clearly at the first attempt (Singleton & Straits, 1999). Moreover, open-ended questions set the stage for interviewees to express their opinion freely. During the interviews, interviewees might not answer the questions directly, but their insightful views gave inspiring thoughts on the topic. After explaining my research questions, I offered the flexibility for interviewees to elaborate ideas and express themselves broadly on the research issue. My participation in the Chief Executive's Program offered an invaluable opportunity for me to interview experienced practitioners with international practical experience. I undertook formal and informal discussions with these overseas participants, following up by telephone or email if questions were necessary. This strategy brought together people with interests in common and led to more meaningful discussion from arts administrators from different countries.

I arranged five semi-structured interviews. Backgrounds of participants were as follows:

- Senior government officials
- Board members of non-profit-organization
- Board member of an arts organization
- Funder of a private foundation
- Government-funding body
- Chief executive of an international arts festival
- Chief executive of a flagship performing arts organization
- Chief executive of a medium-sized performing arts organization
- Young, budding arts administrators
- Experienced accountant from the ‘Big Four’
- Accounting consulting firm
- Auditor
- Business strategy consultant
- Junior accountants
- Senior managerial staff of performing arts organizations
- Artiste
- Professor

5.6.4 Findings of Focus Group Discussions and Interviews

To facilitate my analysis and integration of the qualitative data, I recorded the interviews and focus groups discussion, transcribed the content myself and undertook the analysis of the resulting transcripts. I went through the descriptive responses carefully to understand the meaning that they conveyed. From their responses, I identified themes and carefully selected appropriate wordings that reflected the

meanings of the response. These themes became the basis for analysing the text of focus group discussions and interviews. Since the numbers of interviews and focus group discussions were comparatively small, due to limited resources I did not assign codes to the themes or count the number of times the designated words or phrases occurred in the discussions and interviews. Instead, I classified the responses under different themes and put down their in-depth opinion based on their beliefs and experience in the field. For example, views from the arts industry on the value of art such as “It is one of the important elements for a good balance of life” and “Arts are essential to whole and healthy communities” were put under (a)(i) below as “Art contributes to individual spiritual enrichment, society’s well-being.”

A summary on the views from the arts industry and accounting industry on “the value of art” and “Is VFM audit an appropriate study for a performing arts organization” were summarized below in respective paragraphs:

(i) The value of art

(a) *Views from the arts industry*

Funders, artistes and audience see different values in the arts. While the definition of values is different in various culture and community, UNESCO’s definition of culture has a broad sense. Art is kind of investment that earns an intangible return and is a kind of long-term investment. Art contributes to individual spiritual enrichment, society’s well-being, the national fame of a country and cultural diplomacy in political aspects. Respondents viewed that the value definition will affect artistic strategy. Therefore, funders should be educated on the value of art. The value of art is not a mere economic or finance issue, as art must be defined beyond figures.

For a performing organization, values are how it fulfils its mission, vision and core values. Moreover, government support is very important, because one of the core values of a flagship performing arts organization is to produce experimental productions to lead the development of related industries. Other values of a performing arts organization include community-connected activity and overseas tours that help to establish the reputation of the group overseas, as well as in Hong Kong. In regard to measuring the ‘value’ of a performing arts organization, factors such as artistic excellence, social impact and corporate governance are vital.

(b) Views from the accounting industry or auditors

Similar to the views of respondents from the arts sector, respondents from the accounting professions opined that the value of an organization depends on its mission, vision and core values. Not every organization can be seen from one direction. There are many facets, just like a diamond. It is not an easy task to measure the value of an arts organization such as the HKCO, because there are ripple effects or the iconic effect of a flagship arts organization. Besides, artistic vision and administration are complementary to each other and their contribution should be counted when doing the study.

(ii) Is VFM study an appropriate study for a performing arts organization?

(a) Views from the arts industry

Art is intangible, and difficult to measure by static and administrative means. Just as in education, we may see the effect ten years after. This is what we call a delayed outcome. Each performing arts group has its own development path due to differences in history, art form or group size. Therefore, we cannot compare one with the other. To assess the output, outcome and impact contributed to a society is important. Therefore,

a measuring system should not be based on figures such as audience numbers or box office income. The achievement of a performing arts organization depends on artistic excellence as well as administrative support. Therefore, the measuring system should not consider these two areas separately. Measurement should take a holistic approach.

Respondents stated that a VFM study is not applicable to a performing arts organization because the value of a performing arts organization is not a quantifiable value. Respondents agreed that public offices should make proper use of public money, but a VFM audit for a performing arts organization should be different from other government offices. A VFM study has limitations in the assessment of performing arts organization that lead to the current problems. For example, the contribution and work of musicians are not mechanically measured by their working hours. Besides, the VFM audit did not mention artistic issues, impact and strategies. The report of the audit revealed an ignorance of industry practice. The VFM is not a good term for a performing arts organization, because its contribution is intangible and cannot be assessed in monetary terms. Another measuring method such as the logic model, which emphasizes the outcome and impact, may be more appropriate for the arts industry. The indicators of a VFM study should be changed to cope with our fast-changing society. There is constant change in the world, so we must know the macro-environment and set out the right strategies. Stakeholders must be kept updated and change the requirements for a VFM study.

(b) Views from the accounting industry or auditors

A VFM audit is a kind of internal audit. It is a procedural or operational audit, and management efficiency and resources utilization are part of the report. A VFM study consumes resources, therefore what is appropriate to be measured, what can be done

and what cannot be done must be considered thoroughly beforehand, otherwise it is a waste of money. A VFM study should be fact finding, not fault finding. The study is more than just checking non-compliance. A VFM audit is good as a guide for organizations, but it is not a measuring tool. It should not be negative, but constructive, so that it can help the organization to improve. If the report is publicly disclosed, things should be put in the right context, so that readers, whether general public or internal staff, may understand the truth. A VFM audit is to ensure compliance, but it is not a measure of the value of the organization. The term 'VFM' fails to reflect the true nature of such a study.

Before we apply a VFM study to performing arts groups, we need first to understand the definition of value. A VFM study should be industry specific, not 'one size fits all'. A VFM study is meaningless for a performing arts organization such as the HKCO, because the value of art or an arts group is difficult to measure. It is a wrong 'match' for performing arts groups. A VFM study for performing arts group is controversial, because there are ripple effects or iconic contributions. If a VFM audit is to be conducted on an arts organization, artistic achievement should be included in the report. A VFM audit should also collect objective data from externals, such as the audience. It may be better to establish a set of key performance indicators for the group's self-assessment. Different groups have different backgrounds. It is difficult to measure their value, as art is a kind of intangible investment, as is education.

5.6.4 A Brief Summary of the Findings of Focus Groups Discussions and Interviews

To sum up the above, the findings from the interviews and focus group discussions revealed that, no matter whether the interviewees were from the arts or accounting

industry, all participants replied firmly that the intrinsic value of art was invaluable, difficult to measure or define, yet should be treasured by everyone. Respondents opined that arts were a kind of intangible investment. It was impossible to put a price on art. Unlike the entertainment business, performing arts groups are leading the market, not being led by the market. Rooms should be provided for experimental productions and new commissions. They should be supported and allowed to take risks in achieving their artistic vision. Government support was very important to arts organizations, especially to those of a larger scale such as state orchestras, opera groups or flagship companies.

The definitions and interpretations of value are different in different people's eyes. No matter how people perceive the value of art, all the participants stressed that the value of a performance arts organization should be assessed in terms of its intangible contribution and value to society as a whole. There were various types of value, for example social value and iconic value. One of the participants quoted the HKCO as an example. No matter whether people attend the HKCO's activities or not, its existence in society is already a value. The HKCO is the cultural ambassador of Hong Kong and is an icon. Its iconic value is one of its values.

Each group defines its values through its mission statement and visions. Different performing arts group should be viewed as independent entities. Each group is different in terms of its size and history of development. Each individual group has its own role to play and different value in the community. Performing arts companies should not be measured solely by quantified indicators such as the number in its audiences or its box office income. Indicators must go together with the artistic achievement of the performing arts organization.

Should a VFM study take into consideration the artistic merit of a performing arts organization? Does management have a relationship with the artistic achievement of a performing arts organization? Is it appropriate to view the arts management and the artistic achievement of a performing arts organization as two separate entities? Unanimous views from respondents were obtained. The artistic achievement of a performing arts organization relies heavily on the logistics support of its administrative team. Their relationship is just like a marital relationship. Just like a restaurant, even though the chef is good, the restaurant cannot earn a name for itself in the industry if the support from front of house management is poor.

Artistes and arts administrators are close partners in an innovative team. When artistes come up with interesting new creative ideas, it is an aspect of innovation, and the arts administrator is another who combines good ideas and turns concepts into reality. Arts administrators are the project managers responsible for everything coming together, pulling all the strings together and getting the product to market on time. Artistes and arts administrators are the two hemispheres of a brain. They work hand in hand as a team in every artistic creation. During the creative process, artistes are in need of someone with good social skills, discipline and attention to detail. Therefore, the success of an arts organization depends very much on individual merit as well as the teamwork contributed by both the artistic and administration departments. Judging the value of an arts organization solely on its administrative procedures without paying notice to its artistic achievement is not correct.

When we talk of the intrinsic value of art, and a performing arts group operates in non-monetary terms, it is contradictory to measure in the sense of 'money'. Focus groups of accountants expressed their view that it is wrong from the very beginning to

select a VFM study for a performing arts group. One of the accountants took the membership system of the accounting society as an example. Its young membership system is a cost centre. One might not be able to balance the books by the membership fees. However, its value to society is more than just balancing the books. A VFM audit should be constructive, not fault finding, and not only concerned with non-compliance. It is a totality of acts. If we conduct a VFM study, a knowledge of arts is critical and the auditor should have industry knowledge. The term 'VFM study' does reflect its nature. A VFM audit is a kind of operational audit, and can also be regarded as a management audit. The government's objective in corporatizing the HKCO was to allow more flexibility in management and gain more community support. However, applying the measuring method of a government office to a performing arts company, without acknowledging the industry practice, was a big mistake in conducting the VFM study. The study should be industry specific.

The success of performing arts groups should not be measured solely in monetary terms. For example, take the expense of a performing tour by an orchestra such as the HKCO, for which huge amount of money is required to serve audiences outside Hong Kong. However, touring helps to build the image of HK, raise the spirits of the orchestra members, widen their artistic horizons and achieve cultural exchange, sometimes as a political tool to smooth relationships between countries. In respect of the value of art or contribution of a performing arts company to society, one must not forget that there are delayed outcomes. Sometimes, we see the effects only a decade later or even longer. Some are intangible values that are very difficult to measure, in a ripple effect that may not be measurable. The best measuring system is to set up agreed key performance indicators with funders. The framework should be a self-assessment. The indicators for different groups should be different.

Arts in a community with social, national interests sometimes have a role to play in a political sense. It becomes a global issue if all arts administrators are asked to expend tremendous efforts to justify the existence of arts in quantifiable figures, despite their limited resources. Artistic achievement should be included in the report and measured by objective data such as peer benchmarking. We should take a holistic approach to measurement. We should also measure the ripple effect. If we are to measure the value of the performing arts organization, we should approach each individual in society, because there will be an indirect influence on them all. However, that is very expensive and impractical, thus the measuring tool should be self-assessed and mission driven. It should be a measure of impact, not only of output and outcomes.

Apart from the views summarized above, during the focus group discussions and interviews with auditors or other accounting professionals they commented more on the interpretation of a VFM study. A VFM audit is good because it is more than just a financial audit. A VFM is a management audit, not a measurement tool. A VFM study is guidance for an organization to think and work better in future. During an interview with an auditor who is now the chief executive of a marketing strategic company, she opined that one of the main objectives of a performing arts organization is to promote the art form and widen the audience base. Therefore, in her opinion, whenever there were empty seats available, the organization should distribute further complimentary tickets to attract a new audience. A VFM study is a study to check the compliance of the organization, but it does not imply the actual value of the organization.

5.6.5 Survey by Questionnaires

In addition to focus group discussions and interviews, the collection of written information on respondents' opinion can be achieved by a survey by questionnaire

(Denscombe, 2010), and this methodology was a reliable method of inquiry as the questions were phrased in a standardized manner (www.2012books.lardbucket.org, accessed 4 October 2014). A small-scale survey was conducted to collect quantitative information from the arts and accounting professionals. I conducted a trial of the survey by distributing the questionnaires to some friends who have acquired knowledge of arts administration and some who have not. After the pilot, I revised the survey to avoid questions that were misleading or difficult to understand. Questions were phrased objectively and could easily be understood by readers. I invited arts practitioners and accounting professionals to participate by completing questionnaires. I distributed questionnaires via the Hong Kong Arts Administration Association, arts administrators in government sectors, participants of the Chief Executive Officer Program and students on postgraduate diplomas and master degrees in the cultural industry, as well as practitioners from accounting professions, so that reliable quantifiable data were secured for analysis.

The questionnaire comprised three different parts, each designed to gauge views about different areas. In order to provide a response scale that could be easily understood by respondents and interpreted by me as the researcher (<https://explorable.com/survey-response-scales>, accessed 10 December 2011), different types of response scales were designed for each part, because each type has advantages and disadvantages. A sample of the questionnaire is included as Appendix XXI, although the English translation might make the questions appear biased.

Part I consists of five questions (Question 1–5), mainly concentrating on gauging views about measurement tools from a macro-perspective. Therefore, I chose to use a dichotomous response scale of ‘agree’ or ‘disagree’ in Part I, so that respondents could

respond easily and because it would help to summarize the responses efficiently. Although there was a risk that it might not provide sufficient detail for the survey, such a simple and straightforward answer avoids ambiguity. Part II consists of seven questions (Question 6–2) about industry practice in relation to arts administration. Since arts administration is practised within a changing and creative world, the questions had a closed-question structure and offered straightforward options and answers for respondents to choose from. Questions were presented in a detailed manner so that a clear description of the scenario was provided for respondents to give a direct, unambiguous answer. The response format and survey layout used a straightforward and simple design to increase the response rate (Denscombe, 2010). Part II (Question 13) was designed to collect more views from the respondents about the value of the arts, and had an open question structure to obtain views from respondents with different experiences (Bell, 1999).

There are two main categories of arts administrators in Hong Kong. One is those with an identity of a government servant in LCSD, and the other is those working in non-profit arts organizations, venues or festivals. I sent the questionnaires to both categories, covering junior and experienced arts administrators, through my connections in the industry. The questionnaires were sent by email or in person. In addition, I sent questionnaires to those in the audit and accounting industry and attendees of the Chief Executive Program to gauge different views. I distributed the questionnaires in person, and collected the questionnaires either by mail or in person. The target population of the survey was those working in the arts industry, businessmen, general administrators, accountants and artistes. I gave out a total of 200 questionnaires and 80 participants responded, representing a 40 per cent response rate. From the results of the case study, we can see that there are some commonalities and

some differences.

Demographic information from the respondents, together with frequency tables, are analysed below:

Table 5: Participants' age, gender, occupation and experience in the arts

(a) Age

		Frequency	Per cent	Valid per cent	Cumulative per cent
Valid	15–21	3	3.8	3.8	3.8
	22–40	42	52.5	52.5	56.3
	40–60	33	41.3	41.3	97.5
	Over 60	2	2.5	2.5	100.0
	Total	80	100.0	100.0	

(b) Gender

		Frequency	Per cent	Valid per cent	Cumulative per cent
Valid	Female	51	63.8	63.8	63.8
	Male	29	36.3	36.3	100.0
	Total	80	100.0	100.0	

(c) Occupation

		Frequency	Per cent	Valid per cent	Cumulative per cent
Valid	Student	6	7.5	7.5	7.5
	Artiste	1	1.3	1.3	8.8
	Arts administrator	41	51.3	51.3	60.0
	Work in relation to arts industry	8	10.0	10.0	70.0
	Businessman	1	1.3	1.3	71.3
	General administration	5	6.3	6.3	77.5
	Professional, not in relation to arts	18	22.5	22.5	100.0
	Total	80	100.0	100.0	

(d) Experience with Arts

		Frequency	Per cent	Valid per cent	Cumulative per cent
Valid	Nil	5	6.3	6.4	6.4
	As audience	16	20.0	20.5	26.9
	Full-time staff of arts organization or in relation	51	63.8	65.4	92.3
	Volunteer worker of arts organization or in relation	6	7.5	7.7	100.0
	Total	78	97.5	100.0	
Missing	System	2	2.5		
Total		80	100.0		

(e) Others Experience with Arts

		Frequency	Per cent	Valid per cent	Cumulative per cent
Valid		78	97.5	97.5	97.5
	Freelance	2	2.5	2.5	100.0
	Total	80	100.0	100.0	

(i) Findings of Part I

In Part I (Questions 1–5), a dichotomous response scale of ‘agree’ or ‘disagree’ was used so that respondents could respond more easily and to help to summarize responses more efficiently. Results of questionnaires were summarized and demonstrated by frequency tables, as follows:

Question 1: ‘An assessment of the value of cultural policy in general or of cultural organizations specifically should not be a mere measure of administrative concern.’

The results showed that 71 respondents agreed and nine respondents disagreed, representing a valid percentage of 88.8 per cent in agreement with the statement and 11.3 per cent disagreeing.

Table 6: Q1 – ‘The value of cultural policy in general or of cultural organizations in specific should not be mere measure of administrative concern’

Question 1

		Frequency	Per cent	Valid per cent	Cumulative per cent
Valid	Agree	71	88.8	88.8	88.8
	Disagree	9	11.3	11.3	100.0
	Total	80	100.0	100.0	

Question 2: ‘For a mission-driven non-profit distributing performing arts company, a “means–ends perspective” should be adopted in most of the micro-level measurement tools. The outcome and output is vital in accomplishment of its mission and core values.’

Results showed that 72 respondents agreed, seven respondents disagreed and one respondent gave a nil answer, representing a valid percentage of 91.1 per cent in agreement with the statement and 8.9 per cent disagreeing.

Table 7: Q2 – ‘For a mission-driven non-profit distributing performing arts company, a “means-ends perspective” should be adopted in most of the micro-level measurement tools. The outcome and output is vital in accomplishment of its mission and core values’

Question 2

		Frequency	Per cent	Valid per cent	Cumulative per cent
Valid	Agree	72	90.0	91.1	91.1
	Disagree	7	8.8	8.9	100.0
	Total	79	98.8	100.0	
Missing	System	1	1.3		
Total		80	100.0		

Question 3: ‘Financial and administrative assessment on the reasonable use of resources should be one key aspect of measure, and it is equally true that the use of resources should be weighted on the basis of “objective”, “cultural production at

specific contexts”, “artistic achievements”, “quality assessment” and “cultural impacts” that a cultural organization under review may bring to the community.’

The results showed that 73 respondents agreed and seven respondents disagreed, representing a valid percentage of 91.3 per cent agreeing with the statement and 8.8 per cent disagreeing.

Table 8: Q3 – ‘Financial and administrative assessment on the reasonable use of resources should be one key aspect of measure, and it is equally true that the use of resources should be weighted on the basis of “objective”, “cultural production at specific contexts”, “artistic achievements”, “quality assessment” and “cultural impacts” that a cultural organization under review may bring to the community’

Question 3

		Frequency	Per cent	Valid per cent	Cumulative per cent
Valid	Agree	73	91.3	91.3	91.3
	Disagree	7	8.8	8.8	100.0
	Total	80	100.0	100.0	

Question 4: ‘An audit of cultural activities should have cultural sensitivity.’

The results showed that 77 respondents agreed and three respondents disagreed, representing a valid percentage of 96.3 per cent agreeing with the statement and 3.8 per cent disagreeing.

Table 9: Q4 – ‘An audit of cultural activities should be of cultural sensitivity’

Question 4

		Frequency	Per cent	Valid per cent	Cumulative per cent
Valid	Agree	77	96.3	96.3	96.3
	Disagree	3	3.8	3.8	100.0
	Total	80	100.0	100.0	

Question 5: ‘It is important to measure how the financial resources, artistic qualities connectedness with international and local communities are realized.’

Results showed that 75 respondents agreed and five respondents disagreed, representing a valid percentage of 93.8 per cent agreeing with the statement and 6.3 per cent disagreeing.

Table 10: Q5 – ‘It is important to measure how the financial resources, artistic qualities connectedness with international and local communities are realized’

Question 5

		Frequency	Per cent	Valid per cent	Cumulative per cent
Valid	Agree	75	93.8	93.8	93.8
	Disagree	5	6.3	6.3	100.0
	Total	80	100.0	100.0	

(ii) Findings of Part II

Responds were summarized and demonstrated by frequency tables, as follows:

Question 6

Results showed that a valid percentage of 89.6 per cent (69 respondents) preferred a vibrant and risk-taking board; 10.4 per cent (8 respondents) preferred a conservative board that plays safe; and three respondents gave a nil response.

Table 11: Q6 – Preference for a risk-taking or conservative board

Question 6

		Frequency	Per cent	Valid per cent	Cumulative per cent
Valid	Vibrant and risk-taking board	69	86.3	89.6	89.6
	Conservative board that always plays safe	8	10.0	10.4	100.0
	Total	77	96.3	100.0	
Missing System		3	3.8		
Total		80	100.0		

Question 7

Results showed that a valid percentage of 89.7 per cent (70 respondents) would table or submit a proposal to cope with operational needs; 10.3 per cent (8 respondents) would follow the administrative timeframe, even though it may affect the operational schedule; and two respondents gave nil response.

Table 12: Q7 – Proposing change or following administrative timeframes

Question 7

		Frequency	Per cent	Valid per cent	Cumulative per cent
Valid	Table and submit proposal to cope with operational needs	70	87.5	89.7	89.7
	Follow administrative timeframe, even though it may affect operation schedule	8	10.0	10.3	100.0
	Total	78	97.5	100.0	
Missing System		2	2.5		
Total		80	100.0		

Question 8

Results showed that a valid percentage of 77.2 per cent (61 respondents) would allow artistes to leave earlier, so long as the artistic head is satisfied with their performance; 22.8 per cent (18 respondents) would ask artistes to stay until the designated rehearsal time is over, as planned; and one respondent gave a nil response.

Table 13: Q 8 – Allowing artistes to leave early or insisting on their remaining, as scheduled

Question 8

		Frequency	Per cent	Valid per cent	Cumulative per cent
Valid	Allow artistes to leave if artistic head is satisfied with rehearsal	61	76.3	77.2	77.2
	Ask artistes to stay until designated rehearsal time	18	22.5	22.8	100.0
	Total	79	98.8	100.0	
Missing System		1	1.3		
Total		80	100.0		

Question 9

Results showed that a valid percentage of 96.3 per cent (77 respondents) would allow artistes to attend other groups' performances; and 3.8 per cent (3 respondents) would ask them to buy tickets to minimize the issue of complimentary tickets.

Table 14: Q9 – Allowing artistes to attend other groups' performances

Question 9

		Frequency	Per cent	Valid per cent	Cumulative per cent
Valid	Allow them to attend other groups' performances	77	96.3	96.3	96.3
	Ask them to buy tickets to minimize the issue of complimentary tickets	3	3.8	3.8	100.0
	Total	80	100.0	100.0	

Question 10

Results showed that a valid percentage of 62.2 per cent (46 respondents) would follow industry practice for comparative study and reference other groups by taking computer attendance record; 37.8 per cent (28 respondents) would count ticket stubs, because not all buyers turn out to attend the performance; and six respondents gave a nil response.

Table 15: Q10 – Counting by computer attendance records or ticket stubs

Question 10

		Frequency	Per cent	Valid per cent	Cumulative per cent
Valid	Follow industry practice, by central computer record	46	57.5	62.2	62.2
	Count ticket stub	28	35.0	37.8	100.0
	Total	74	92.5	100.0	
Missing System		6	7.5		
Total		80	100.0		

Question 11

Results showed that a valid percentage of 97.5 per cent (78 respondents) would issue complimentary tickets as a token of thanks to sponsors, and 2.5 per cent (2 respondents) would not.

Table 16: Q11 – Issuing complimentary tickets to sponsors or not

Question 11

		Frequency	Per cent	Valid per cent	Cumulative per cent
Valid	Yes	78	97.5	97.5	97.5
	No	2	2.5	2.5	100.0
	Total	80	100.0	100.0	

Question 12

If a study on your organization was leaked to the media before the official release and there were waves of misleading comments from the press and media, the results showed that a valid percentage of 10 per cent (8 respondents) would keep silent and maintain a low profile, while 90 per cent (72 respondents) would face the public and explain the facts.

Table 17: Q12 – Whether to remain silent or face the public regarding unfavourable comment

Question 12

		Frequency	Per cent	Valid per cent	Cumulative per cent
Valid	Keep silent	8	10.0	10.0	10.0
	Speak the truth to embrace principles of best disclosure	72	90.0	90.0	100.0
	Total	80	100.0	100.0	

(iii) Summary of Findings of Part I and Part II

Questions 1–5 in Part I concentrated on collecting respondents’ view on the nature of the measuring framework. The findings were that the majority (a valid percentage ranging from 88.8% to 96.3%) opined that the value of a cultural policy or cultural organizations should not be merely the measure of administrative concerns. Non-profit distributing performing arts companies should be mission driven. Their outcome and output are vital to the accomplishment of their mission and core values. Besides, assessment criteria should cover financial and administrative assessment, the proper use of resources, artistic achievements, quality assessment, global connectivity and the cultural impact on the community. It is also important that audits of cultural activities should possess cultural sensitivity to reveal the true picture of the value of an arts organization.

Questions 6–12 concentrated on arts administration practice. The valid percentages of Questions 6, 7, 9, 11 and 12 ranged from 88.8 per cent to 97.5 per cent, representing that the majority of the respondents would carry out similar practice in such situations, regardless of their background. That means that most of them preferred a vibrant board, ready to take risks to achieve artistic vision, and would seek the board’s approval to cope with operational needs instead of rigidly following and being hindered by a

purely administrative timeframe. In terms of the promotion and issue of complimentary tickets, the majority of respondents opined that issuing complimentary tickets to sponsors and for the purpose of cultural exchange was reasonable. In addition, to speak the truth with integrity and to be responsible to stakeholders were the majority choice.

(iii) Correlation of Variables

After undertaking data analysis using IBM SPSS and generating a frequency table, I generated a correlation table to check the statistical significance among the variables (Bryman, 2012, pp.346–350). (Appendix XXII – Pearson Correlation Table of Questionnaire Finding.) From the Pearson correlation table, I produced the following table to give a brief summary of the variables with a significant positive or negative correlation with each other, for easy reference.

Variables	**Variables with positive correlation significant at 0.01 level			
	*Variables with positive correlation significant at 0.05 level			
Age	**Gender	**Occupation	**Question 10 (negative)	
Gender	**Age	**Occupation		
Occupation	**Age	**Gender	**Experience with art (negative)	*Question 4
Experience with arts	*Occupation	*Question 1		
Question 2	**Question 12 (negative)			
Question 6	*Question 8	**Question 9		

The correlations among variables of age, gender, occupation are positively significant

at the 0.01 level. This means that there is strong relationship between these variables at this level. For example, the change in the variable of age is strongly correlated with changes to that of gender and occupation, although we cannot, based on the small numbers, make any other conclusions about this relationship. A similar situation arose between Question 6 and Question 9. Another category of positive significance is occupation and Question 4; ‘experience with art’ and occupation; ‘experience with art’ and Question 1, as well as between Question 6 and Question 8. These categories mean that the variables are also positively correlated, but at the 0.05 level. That means that the significance (2-tailed) value is less than 0.05, and is comparatively less significant than those at the 0.01 level.

These two categories are of positive correlations, meaning that when one variable increases in value, the other variables will also increase in value. We can also see there are three pairs of variables that are of a negative significant correlation at the 0.01 level. They are: age and Question 10; occupation and ‘experience with arts’; Question 2 and Question 12. This means that, when one increases in value, the other variable in the pair will decrease in value.

(iv) Cross-Tabulation and the Chi-Square Test

With a view to diving into the data on age, gender and occupation and how these variables relate to ‘experience with arts’ and questions in Part I and Part II, I generated a cross-tabulation to compare relationships between two variables. I set the null hypothesis that there is nil relationship between the variables, and the significance level is at 0.05 for this analysis. The chi-square test was applied to see if the variables are independent and the findings occur by chance. (Appendix XXIII – Cross-Tabulation Analysis with Chi-Square Test.)

(a) **Age with Experience with Arts.** The count was close to the expected count in each cell, so the relationship between age and experience with arts is not significant. The count of 29 respondents aged from 22 to 40 who are full-time staff of arts organization or in relation are more than the expected count of 26.8. On the contrary, respondents of this age group without arts experience, or with experience as audience or as volunteer worker in arts-related organizations are less than the expected count. Since the p-value (0.013) is less than the significance level (0.05), I cannot accept the null hypothesis, and thus I conclude that there is a relationship between age and experience in the arts. The p-value (0.982) is larger than the significance level (0.05), and I accept the null hypothesis, concluding that there is no relationship between age and other experience with arts.

(b) **Age with Question 1** (‘An assessment of the value of cultural policy in general or of cultural organizations in specific should not be mere measure of administrative concern.’)

The count of each cell was close to the expected count, so the relationship between age and Question 1 is not significant. All of those aged from 15 to 21 and over 60 agreed with Question 1. The results showed that 35 respondents out of 42 (83.33%) within the age group of 22 to 40 and 31 respondents out of 33 (93.93%) within the age group of 40 to 60 agreed with the statement. Since the p-value (0.430) is larger than the significance level (0.05), I accept the null hypothesis, concluding that there is no relationship between age and Question 1.

(c) **Age with Question 2** (‘For a mission-driven non-profit distributing performing arts company, a “means–ends perspective” should be adopted in most of the

micro-level measurement tools. The outcome and output are vital to the accomplishment of its mission and core values.’)

The count was close to the expected count in each cell, so the relationship between age and Question 2 is not significant. All of those aged 15 to 21 and aged over 60 agreed with Question 1. The results showed that 37 respondents out of 42 (88.09%) within the age group of 22–40, and 30 out of 32 (93.75%) within the age group of 40 to 60 agreed with the statement. For the age group of 22 to 40, the expected count of the ‘agree’ column is higher, while in the ‘disagree’ column the expected count is lower, and the opposite result occurred in the age group of 40 to 60 where the expected count of the ‘agree’ column is lower and higher in ‘disagree’ column. Since the p-value (0.744) is larger than the significance level (0.05), I accept the null hypothesis, concluding that there is no relationship between age and Question 2.

(d) Age with Question 3 (‘Financial and administrative assessment on the reasonable use of resources should be one key aspect of measure, it is equally true that the use of resources should be weighted on the basis of “objective”, “cultural production at specific contexts”, “artistic achievements”, “quality assessment” and “cultural impacts” that a cultural organization under review may bring to the community.’)

The count was close to the expected count in each cell, so the relationship between age and Question 3 is not significant. Everyone is each of the three age groups: 15 to 21, 40 to 60 and over 60 agreed with the statement. In the 22 to 40 age group, 35 respondents out of 42 (83.33%) agreed with the statement, but the count was lower than the expected count of 38.3. Since the p-value (0.074) is larger than the

significance level (0.05), I accept the null hypothesis, concluding that there is no relationship between age and Question 3.

(e) Age with Question 4 ('An audit on cultural activities should be of cultural sensitivity.') The count was close to the expected count in each cell, so the relationship between age and Question 4 is not significant. All in the three age groups 15 to 21, 40 to 60 and over 60 agreed with the statement. For the age group 22 to 40, some 35 respondents out of 42 (83.33%) agreed with the statement, but the count was lower than the expected count of 38.3. Since the p-value (0.420) is larger than the significance level (0.05), I accept the null hypothesis, concluding that there is no relationship between age and Question 4.

(f) Age with Question 5 ('It is important to measure how the financial resources, artistic qualities connectedness with international and local communities are realized.') The count was close to the expected count in each cell, so the relationship between age and Question 5 is not significant. All of those in age groups 15 to 21 and over 60 agreed with the statement. For the age group of 22 to 40, 38 respondents out of 42 (90.48%) agreed with the statement, but the count was lower than the expected count of 39.4, while for the age group of 40 to 60, 32 respondents out of 33 (96.97%) agreed with the statement and the count was higher than the expected count of 30.9. Since the p-value (0.640) is larger than the significance level (0.05), I accept the null hypothesis, concluding that there is no relationship between age and Question 5.

(g) Age with Question 6

The count was close to the expected count in each cell, so the relationship between age and Question 6 is not significant. Half of the respondents over 60 preferred a vibrant

and risk-taking board and half a conservative board, and all of those from the younger age group of 15 to 21 preferred a vibrant and risk-taking board. To compare the age groups of 22 to 40 and 40 to 60, the percentages of those who prefer a vibrant and risk-taking board are 87.8 per cent and 93.54 per cent respectively. Surprisingly, the count in the 22 to 40 age group that preferred a vibrant and risk-taking board is lower than the expected count, and within the age group of 40 to 60 is higher than expected. Since the p-value (0.223) is larger than the significance level (0.05), I accept the null hypothesis, concluding that there is no relationship between age and Question 6.

(h) Age with Question 7. The count was close to the expected count in each cell, so the relationship between age and Question 7 is not significant. All those in age groups 15 to 21 and over 60 would table and submit proposals to cope with operational needs instead of following an administrative timeframe, even though it might affect the operational schedule. For the age group 22 to 40, 39 of 42 (92.85%) would also do the same and the count is higher than the expected count of 37.7, while for the age group of 40 to 60, 26 of 31 (83.87%) would also have the same practice and the count is lower than the expected 27.8. Since the p-value (0.537) is larger than the significance level (0.05), I accept the null hypothesis, concluding that there is no relationship between age and Question 7.

(i) Age with Question 8. The count was close to the expected count in each cell, so the relationship between age and Question 8 is not significant. In each of the age groups, there are respondents who would allow artistes to leave provided the artistic head is satisfied with the rehearsal and some who would ask them to stay until the designated rehearsal time was over. For the group of 22 to 40, 31 out of 42 (73.8%) would allow artistes to leave if the artistic head was satisfied with the rehearsal, and

the count is lower than the expected count of 32.4, while for age group of 40 to 60, 27 out of 32 (84.38%) would allow artistes to leave if the artistic head was satisfied with the rehearsal. Since the p-value (0.524) is larger than the significance level (0.05), I accept the null hypothesis, concluding that there is no relationship between age and Question 8.

(j) Age with Question 9. The count was close to the expected count in each cell, so the relationship between age and Question 9 is not significant. Similar to Questions 1, 2, 4, 5, 7, all of those from the age group of 15 to 21 and those above the age of 60 gave the same response. Responses from these groups opined that they would allow participants to attend other groups' performances, while for the age group of 22 to 40, two respondents of 42 (4.76%) and one respondent of 32 (3.13%) would ask participants to buy tickets to minimize the issue of complimentary tickets. The expected count for the age group of 22 to 40 to allow participants to attend other groups' performances is 0.4 higher than the count, and the expected count to ask participants to buy tickets to minimize the issue of complimentary tickets is 0.4 higher than the count. Since the p-value (0.948) is larger than the significance level (0.05), I accept the null hypothesis, concluding that there is no relationship between age and Question 9.

(k) Age with Question 10. There was a greater difference between the count and the expected count in the cells, so the relationship between age and Question 10 is significant. 18 respondents of 39 (46.15%) within the age group of 22 to 40 and one respondent out of three (25%) of the younger age group of 15 to 21 would follow industry practice and measure attendance by the computer record, while the expected count for these two cells were 24.2 and 1.9 respectively, which is higher than the actual

count. In contrast, 26 respondents out of 31 (83.87%) within the age group of 40 to 60 and all those over 60 would follow industry practice and measure attendance by computer record, while the expected count was 19.3 and 0.6 for these two cells, thus lower than the actual count. Since the p-value (0.007) is smaller than the significance level (0.05), I cannot accept the null hypothesis, and thus conclude a relationship between age and Question 1.

(l) Age with Question 11 and 12. The count was close to the expected count in each cell, so the relationship between age and Questions 11 and 12 is not significant. For all the age groups, the majority agreed that they would give out complimentary tickets to sponsors as a token of thanks and, if a study of the organization was leaked to the media before the official release date promised by the government, as a board member or CEO they would speak the truth with integrity and be responsible to stakeholders to embrace principles of best disclosure. Since the p-values of Question 11 (0.982) and Question 12 (0.576) are larger than the significance level (0.05), I accept the null hypothesis, concluding that there is no relationship between age and Questions 11 or 12.

(m) Gender with Experience with Arts and Questions 1–5. The count was close to the expected count in each cell, the relationship between gender and experience with arts, as well as for Question 1 to 5, is not significant. There were more female (68.63%) than male (31.37%) participants serving as full-time staff of arts organization or in relation to the arts. For Questions 1–5, the majority of both genders agreed with the statements in the questions. Since all the p-value from Questions 1–5 are larger than the significance level (0.05), I accept the null hypothesis, concluding that there is neither a relationship between gender and experience with arts, nor between gender

and Questions 1–5.

(n) **Gender with Questions 6–12.** The count was close to the expected count in each cell, so the relationship between gender and Questions 1–5 is not significant. For Questions 6–9 and 11–12, the majority of either gender showed the same trend (75–100%). Respondents preferred a vibrant and risk-taking board, tabling and submitting proposals to cope with operational needs, allowing artistes to leave if the artistic head was satisfied with the rehearsals, allowing participants to attend other groups' performance, giving out complimentary tickets to sponsors as a token of thanks and speaking the truth to embrace good disclosure if a misleading report on the organization was issued. For Question 10, 57.44 per cent female and 70.37 per cent male would follow industry practice by taking the computer record as the attendance, and the expected count for females was higher than that for males. Since all the p-values from Question 6–12 are larger than the significance level (0.05), I accept the null hypothesis, concluding that there is no relationship between gender and Questions 6–12.

(o) **Occupation with Experience with Arts.** The count in some cells was a far from the expected count in each cell, resulting in the relationship between occupation and experience with arts being significant. The expected count for arts administrators as an audience was 8.4, whereas the actual count was zero. The expected count for arts administrators to be a full-time staff in an arts organization or in relation to the arts is 26.8 and the count was 38. The expected count of arts administrators to be volunteer worker of an arts organization or in relation to the arts was 3.2, and the actual count is zero. Since the p-value (0.000) is smaller than the significance level (0.05), I cannot accept the null hypothesis, concluding that there is a relationship between occupation

and ‘experience with arts’, as well as ‘other experience with arts’.

(p) Occupation with Questions 1–5. The count was close to the expected count in each cell, so the relationship between occupation and Questions 1–5 is not significant. The majority in each occupation category agreed with the statements in Questions 1–5. For Question 4, all respondents from the occupations of student, artiste, arts administrator, work in relation to the arts industry and businessmen opined that ‘a cultural audit should be of cultural sensitivity’. Otherwise, a case may be victimized by exaggerated use of administrative and financial indicators. There was a respondent in general administration and two respondents from ‘professional, not in relation to arts’ who disagreed with this.

For Question 5, all respondents from the categories of artiste – ‘work in relation to arts industry’, businessmen, general administration and ‘professional, not in relation to arts’ – opined that ‘It is more important to measure how the financial resources, artistic qualities, connectedness with international and local cultural communities are realized’. Four arts administrators and one student disagreed with the statement.

Since the p-values of Question 1 (0.022) and Question 3 (0.040) are smaller than the significance level (0.05), I cannot accept the null hypothesis, concluding that there is a relationship between occupation and Question 1 as well as between occupation and Question 3. The p-values from Question 2 (0.657), Question 4 (0.199) and Question 5 (0.654) are larger than the significance level (0.05), so I accept the null hypothesis, concluding that there is no relationship between occupation and these three questions.

(q) Occupation with Question 6–12. The count was close to the expected count in each cell, so the relationships between occupation and Questions 6– 9 are not

significant. The majority of each category of occupation preferred a vibrant and risk-taking board (Question 6), would table and submit proposals to cope with operational needs (Question 7), allow participants to attend other groups' performances instead of asking them to buy tickets to minimize the issue of complimentary tickets (Question 9), give out complimentary tickets to sponsors as a token of thanks (Question 11) and speak the truth to embrace the principles of best disclosure (Question 12).

The majority of those in each occupation would allow artistes to leave if the artistic head was satisfied with the rehearsal (Question 8), whereas half of the respondents from 'student' and 'professional, not in relation to arts' opined that they would ask artistes to stay until the designated rehearsal time was over. For Question 10, different views were given by different occupations. Respondents of different occupations ranged from zero to 75 per cent in terms of whether they would count ticket stubs to check attendance. Since all the p-values from Questions 6–12 are larger than the significance level (0.05), I accept the null hypothesis, concluding that there is no relationship between occupation and Questions 6–12.

(v) Findings of Part III

Question 13 in Part III was asked in an open question structure to gauge respondents' views about the 'value of the arts'. I first listed all the following responses and categorized them into ten popular wordings or themes that mentioned in the responses: social well-being (s); economic influence (e); enhancement of education (edu); intangible (i); measured not only by money (m); subjective and good for individual (sub); enhance creativity (c); political (p); country or city identity (u), and cultural and arts development (a). Based on the key words that respondents mentioned, the results

of Question 13 are recorded in the bar chart below.

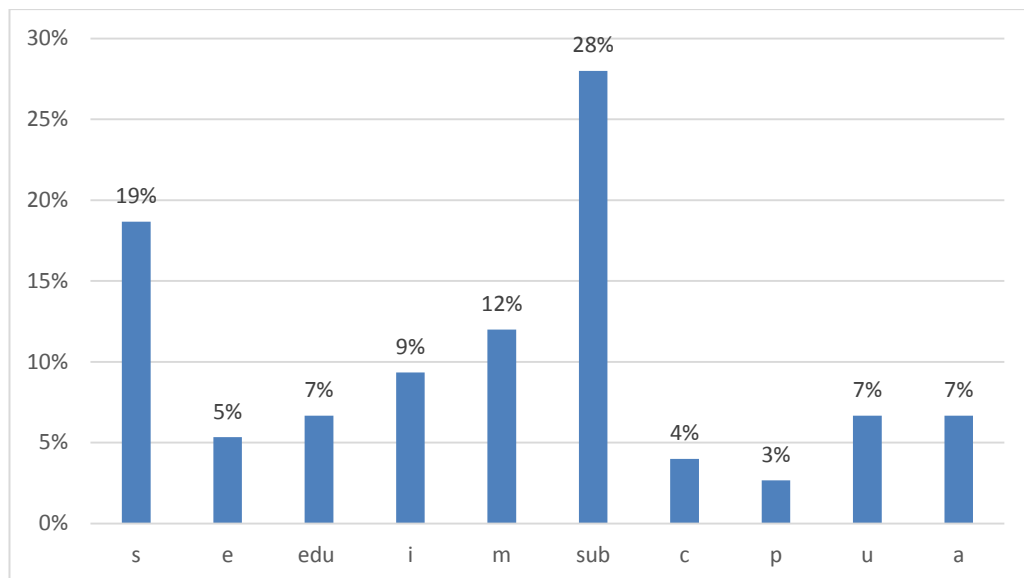


Figure 2: Respondents' Views on the Value of Art – Question 13

The results indicated that 28 per cent of the respondents opined that the value of art is its influence on individuals. It is part of people's life and could make the quality of their lives better. It can ignite people, give inspiration and enrich their spiritual life. Through art, people can express and release their emotions, and sooth the tensions from their daily work. Thus, art has a healing effect.

The second highest frequency (19%) was the category of 'Social well-being'. Respondents in this category opined that arts belongs to everyone in the community. It is essential to create a healthy community and is significant for social well-being. Art brings people of different views together to unite the community.

Some 12 per cent of respondents mentioned measurement of the value of art. Responses revealed that art should not be judged by financial indicators or in monetary terms. It is difficult to quantity the value of art. The achievement of an art organization

should be mission oriented. An arts organization should not be judged by general administrative tools or in a generalized manner, but also by its artistic value. The measuring system should be a holistic approach. It should be a special system advised by artistic professionals, arts administrators and stakeholders. Some 9 per cent of the respondents revealed views that art is intangible and difficult to measure.

Other views on the value of art were related to education and cultivation of the next generation (7%), development of a country's identity (7%), development of arts and culture (7%), economic development (5%), stimulation of creativity (4%) and political effect (3%).

Chapter 6 Experiential Reflections

6.1 Discussion

When we talk about the value of art and a VFM study of a performing arts organization, I perceive that views from arts administrators may be different from those of accounting professionals. However, to my surprise, I discovered from the research that interviewees from these two different sectors shared similar views on many of the research questions. Sometimes, the accountants gave the more definite answer that a VFM study is not a satisfactory measuring method for the arts industry, because they are equipped with a better understanding of VFM audits.

The data collected showed that the majority agreed that a measuring system of a cultural organization or performing arts organization should involve a combination of key performance indicators that are suggested by stakeholders. Data triangulation is thus achieved. In assessing the organization's performance, its artistic achievement as well as its administrative concerns should be taken into account. A mere measure of administrative concerns cannot reflect the value of cultural policy or cultural organizations. A VFM audit which only focuses on management issues fails to reflect a full picture of the organization and reflect its values.

The Audit Commission in Hong Kong puts emphasis on corporate governance when conducting a VFM study (Audit Commission, 2010, p.2). The results of Question 6 are that 89.6 per cent of respondents agreed that, under the condition that the principles of corporate governance were embraced, people prefer a vibrant and risk-taking council that allows room for artistic development. For a performing arts organization that strives to be sustainable in a creative industry, such a vibrant and risk-taking council is

a vital element that enables the development of the organization. A strong, mutually supportive working relationship between council members, artistes and management is vital to its success. It is very important that the board is passionate about the organization, anxious to understand its development, committed not only to optimizing its own performance but to improving the reach of the organization and the lives of artistes, administrators and even the technicians who bring the work to life, as a team. This will determine not only the achievement and healthy development of the organization, but also that of the field of the art form as a whole.

When one talks about the sustainability of an arts organization and the council of a non-profit making organization, one will probably think of fundraising. According to the article ‘I Didn’t Sign on for Fundraising! – The Board’s Role in Raising Money’ (Board Café, 2008), it is ‘ensuring that the organization has a realistic strategy for obtaining money is a critical governance responsibility of the board of directors. But that strategy may or may not include individual fundraising by board members’. Performing arts organizations, such as other non-profit organizations, need a council willing to spend time, instead of acting as a power-hungry tornado wreaking havoc on the board (Board Café, 2004). It is clearly stipulated in the terms of office of the HKCO council that:

The Council has a nominated process whereby new candidates identified for election to the Council are formally proposed for consideration at a Council meeting, on the basis of the candidate’s skillset, willingness to dedicate time and effort to Council work, team-playing inclination, appreciation and support of the mission of the Company, network and other potential value to be added to the Company. Donations to the company are not a consideration for appointment to the Council.

The council is responsible for strategic planning, major policy decisions, the

organization's accountability and its integrity. Information about its mission, goals, accomplishments and finances are fully disclosed and transparent to members before they join the council. In addition, the way that the organization works, how often its council and sub-committee members meet, what time commitment is required, whether the council is expected to raise money, what expertise its members bring to the board, and whether the directors' and officers' liability insurance is in place or not need to be known. Many councils of non-profit organizations require board members to give a minimum donation each year and have a strong belief in the 3Gs (Give, Get or Go) (Carpenter, 2000).

We can see from the survey results that sometimes there are no hard and fast rules in artiste management and some marketing and operational issues. The acts and decisions depend very much on the perspective and experience of the council and the management. Therefore, it is important for a performing arts company to have a council that is ready to take risks to support innovative ideas, understand the ever-changing nature of arts and the skill in managing artistes.

The objective of Questions 6–12 of the survey is to obtain reliable data on aspects of arts administration practice. Questions were presented in a detailed manner so that a clear description of the scenario was provided for respondents. The survey results indicated that there were some discrepancies concerning some practice in relation to human resource management and the method of measuring the attendance record. The findings indicated that respondents' views on the two situations in Question 8 and Question 10 were comparatively controversial. They were also in line with the real situation in the HKCO case study. For Question 8, the HKCO adopted the practice of releasing musicians for self-practice, provided that the conductor was satisfied with the

rehearsal. Nonetheless, the auditor opined that the HKCO should keep musicians until the designated rehearsal time was up. The results showed that 22.8 per cent of respondents would ask artistes to stay until the end of the designated rehearsal, while 77.2 per cent would be flexible for creative persons.

The most controversial issue was the counting of attendance in Question 10. While the HKCO adopted the practice of counting attendance by the computer records, as was industry practice in Hong Kong, auditors opined that counting ticket stubs should be the appropriate method to measure attendance at a performance. The results showed that 62.2 per cent of respondents would adopt the same practice as the HKCO, counting the attendance record by the computer record of tickets sold through the centralized system; while 37.8 per cent would count the ticket stubs, since not all buyers actually turn out to attend the performance.

In fact, the HKCO has checked actual industry practice. In Hong Kong, all major performing arts groups receiving funding from the Hong Kong government, plus other performing arts groups presented by the government that sell tickets through the Urban Ticketing Computerized System (URBTIX), will take the number of tickets sold as their attendance record. At some other places or centres, such as the Carnegie Hall in New York, the management will count the attendance figure as the ticket stubs. Therefore, both systems are actually in practice. I think the most important issue is the industry practice in your own country. As the HKCO is one of the nine major performing arts groups in Hong Kong that receives funding from the government and is required to report attendance at concerts to the government, if all the others are reporting figures from the attendance record provided by URBTIX, it is most definitely pointless for the HKCO to count ticket stubs. The accusation that the HKCO

exaggerated its attendance figure to gain a good performance result is unfair.

The result of Question 9 (96.3%) represents that the majority would issue complimentary tickets to participants of a cultural exchange activity so that they could stay in the auditorium to attend other groups' performance, provided that seats were available. If we administered a performing arts organization from a purely mechanistic administrative point of view, the management should not issue complimentary tickets to participants. However, if we were looking from the perspective of cultural exchange, sharing and watching other groups' performances should be part of the objectives of the event and it was an appropriate arrangement, for sure, to allow overseas participants to attend performances from other countries. The ultimate purpose of organizing the event was to promote Chinese music among the younger generation. If there are empty seats in the hall, there is no reason why we should not provide more chances for the younger generation to stay, to appreciate and share the joy of arts with others. Kotler and Armstrong stated that 'marketing management's job is to attract and build relationships with customers by creating customer value and satisfaction' (1996). In this regard, the establishment of a customer relationship and the creation of value and satisfaction is especially important to arts marketing.

It is a normal practice in all groups to issue complimentary tickets to sponsors as a token of thanks. There are different types of deals to acknowledge the support of a corporate sponsor. One of the most common practices is to give sponsors a certain number of complimentary tickets for them to entertain guests. If administering from a 'government' point of view, one might say that the organization is offering privileges to a commercial firm. However, when we are not talking about a pop concert but a cultural event that requires continuous efforts to explore a wider audience base, an arts

organization is actually securing a privilege by exploring this potential audience and promoting the arts event.

The chi-square test showed that the p-value of three groups of variables are smaller than the significance level (0.05). Therefore, the null hypothesis could not be accepted, thus there is a relationship between the variables of these groups. They are 'age with experience with arts', 'age with Question 10' and 'occupation with experience in arts'. This research project was a combination of qualitative and quantitative research preceded by an account of my professional experience and role during the time of the audit which met both the requirements of transparency of the researcher and provided views from the inside. In addition to survey methodology, I undertook a literature review, focus group discussions and interviews. Participants in interviews and focus groups provided coherent views on the value of art. The research results showed that, in addition to the personal 'quality of life' belief, arts also bring forth social benefits such as community engagement and interaction, both political and individual. Survey results also revealed that, no matter whether the participants came from the arts or accounting fields, all of them replied firmly that art is intangible and that it is difficult to measure its contribution and impact. No matter how people perceive the value of art, they all stress that the value of a performance arts organization should be assessed in terms of its intangible contribution and value to society as a whole.

My literature review showed that Arts Council England engaged a private company, the Centre for Economic and Business Research., to conduct an analysis of the macroeconomic contribution of the arts and culture. The report has detailed information on how arts and culture boost wages and productivity in the commercial creative industries. Besides, the spillover impact of the arts and culture that improves

national productivity was mentioned. The analysis further explained how arts and culture influence further education and community learning, improving well-being and research activities as well as the effect of artistic and cultural education on academic attainment and so on. It was also mentioned in the report that tours and exhibitions abroad represent an arts and culture export, resulting in a flow of income to the country and helping artistes to attract international attention. Therefore, to measure the value of an arts organization is more than financial figures or procedural compliance, and has direct and indirect contributions through ripple effects. This notion is echoed in the primary data obtained from the structured interviews during my research.

6.2 Reflection

Upon release of Audit Report No.54 in 2010, different points of view from various sectors of society aroused my interest in undertaking research on this topic. The report was the first ever VFM audit conducted on a performing arts company in Hong Kong. The incident attracted interest from the media, general public and people from both inside and outside the arts industry. I was inquisitive to know more about VFM audits and to explore whether it is a good method to measure the success of a performing arts organization. What should I have done and what should I not, and why? All these questions were controversial but critical to arts development in Hong Kong and even worldwide. The motive to look into the subject was prompted by a casual conversation with some arts practitioners in the industry. After thorough consideration, I decided to choose this topic as my research project and hoped to bring new knowledge and perspectives. I understand that my learning from work may influence my perception and in turn, affect my research and development project. I am fully aware of my position as an insider–researcher and was conscious of the ethical issues concerned when I carried out the research.

An examination of my learning path and training background revealed that I was in a unique and advantageous position to pursue this work-based project in a real world environment. My unique position as the founding executive director of the HKCO since 2001 with over 25 years in practising arts administration in various offices offered me a depth and breadth of knowledge in a complex area, blending corporate governance with arts administration. It was possible for me to build up a resourceful network with practising arts administrators and have close dialogue with them. The research project created a professional development programme further to improve the profession of arts administration and audits of performing arts companies. My capability was further consolidated by my previous project in conducting research on the 'Development of a Key Performance Indicators Framework for a Non-profit-distributing Organization – Taking HKCO as an Example' in my work-based MA study. However, to investigate the use of Kaplan's balanced scorecard is beyond the scope of this research project.

At first hand, I planned to adopt simple research methodologies such as surveys by questionnaires, focus group discussions and interviews. In designing my research methodologies, I learnt more about social research. I enriched my knowledge in triangulation and assessment of risk. I realized that a smaller-scale survey restricted to professionals in related areas was more suitable to my case. I learnt how to redefine new knowledge and develop new approaches. In the course of my research, I came to understand that my research project should be a combination of qualitative and quantitative terms and fieldwork/deskwork in the research families. The more I read about VFM audits, the more I wanted to explore their application and development in other places. My knowledge and understanding of VFM audits was deepened. I was also very aware of the sensitivity of my position as an insider–researcher. When I acted

as the moderator of interviews and focus group discussion, I clearly declared my position and made sure that participants felt free to express their views. I was not there to ask them to buy into support for the HKCO, to absolve the HKCO of any blame or to point a finger at the Audit Commission of Hong Kong. This was especially important when I communicated with superiors, peers, audiences or accounting professionals.

It has been the norm in Hong Kong that, when audit reports are released, senior officials of the government office being audited stay silent, since the audit report will comment on the implementation of policy but not question the decision. Therefore, the usual reaction by an audited organization is to welcome the recommendations of the audit report and let the issue die down gradually. However, in recent years, more and more non-profit-making organizations have voiced and clarified their standpoint proactively, especially when the findings and recommendations of the VFM report fail to reflect a true and full picture of their operation.

This was the same for the HKCO in 2010. It takes many years for an organization to build up its brand and public image. The public image of non-profit-distributing organizations pay a vital part in sourcing extra community support and funding for the organization. As a responsible, publicly-funded organization, it is necessary to come out and provide the true picture for stakeholders. Since the VFM audit on the HKCO was the first ever VFM study of the performing arts, the research result will help to indicate which areas of the study are relevant and which parts it fails to assess. This will help both the funders and audited organizations when similar studies are to be conducted in future.

6.3 Conclusions

The Audit Commission of Hong Kong has been conducting VFM audits on various government offices and non-profit organizations. To cope with the development of WKCD and arts administration professions, the government conducted a first VFM audit on a performing arts organization in 2009. It was regrettable that, when the Audit Commission conducted the study, neither its artistic achievement, contribution to the society nor impact on the development of Chinese orchestral music were mentioned.

The value of art is difficult to express and has been a most enduring question since the beginning of the twentieth century. As the first ED of the HKCO upon it becoming a limited company by guarantee in 2001, I have witnessed the changes in the orchestra in its artistic and administration development. When the HKCO changed from being a government entity to a limited company in 2001, it had a significant leap in pursuit of an organizational repositioning and realignment to respond to competitive demands. The HKCO has successfully evolved from an exclusively performing arts company into an entity that covers professional performances, arts education as well as research and development of musical instruments. The contribution to the community and the impact on the development of Chinese orchestral music have been highly acclaimed by the Chinese music sector, both locally and abroad. However, the VFM audit did not touch on the artistic merit of the orchestra, and a heated debate on the value of the HKCO ensued in arts circles and the community when the VFM audit report on the HKCO was released in 2010, as the first VFM audit on a performing arts organization in Hong Kong. This led to my interest to make a further analysis of the VFM method to investigate whether this method is an appropriate measurement for a performing arts organization.

During the past few decades, the economic, environmental and social impacts of the

arts have frequently been cited as reasons for governments to give a certain level of financial support. Very often, investment in the arts by government has been justified on the basis of economic or employment activities and a contribution to local area regeneration. It has been proved by many international examples that cultural development in a society never exists alone. It is closely related to the core values and perceptions of the people living in it. Political and social situations will influence or catalyse the development of the arts and cultural in the city. Though each country has its own cultural identity, all societies recognize the value and power of art and support individual artistes or arts organizations in various ways to sustain their development. Some countries have established clear cultural policies, while some countries choose not to set a cultural policy. Under current economic environment with limited funds nowadays, there are not enough funds to go round. Governments have to compare contribution of different arts organization and assess their value such that they can answer the public it is a fair allocation.

From a policy perspective, the issue is not whether the existence of the arts has a beneficial impact to the society or development of the art form, but whether the money spent on an arts programme or an organization will have more of an impact here than on another. The measurement of the success of an arts organization is especially important when politicians have to justify the allocation of public funds and have a number of beneficiaries. Funders are now much more concerned about whether art experience will have some measurable effect on masses of people, or make an economic as well as a social contribution to the community at large. This is a long-standing dilemma between the art industry and the policy makers. What is the value of art? What kind of measurement is appropriate? Is a VFM audit appropriate for the performing arts industry? These were at the heart of my project.

As defined by Grantmakers for Effective Organizations (York, 2003), the effectiveness of an organization is ‘the ability of the organization to fulfil its mission through a blend of sound management, strong governance, and a persistent rededication to achieving results.’ Examples of capacity building include strategic planning, board development, marketing, communications, upgrading technology, increasing fund development capability, enhancing operations, planning and developing facilities, acquiring new equipment, hiring new staff, improving staff knowledge and skills, improving organizational leadership and evaluating programmes. It is the totality of the organization. While a traditional financial accounting model may fail to incorporate the intangible assets and capabilities that are significant to a company’s achievement in today’s aggressive environment, many commercial entities already have performance measurement systems in place that incorporate both financial and non-financial measures.

The success of an organization speaks for the passion and dedication of its council, the management, the artistic section and the administration team as a whole. The ultimate value of an arts organization is its overall impact on the community and artistic development. Policies and procedures are very important to keep the orchestra in good shape to achieve its artistic visions. Sound governance and management of the company are vital, and are a facilitator and enabler of its artistic development and achievements. The HKCO has set various milestones in the historic path of Chinese orchestral music. All the above are the values of the HKCO as perceived by the music industry in Hong Kong and abroad. It is important for the HKCO constantly to develop its ‘business’ strategies to maintain a competitive edge in the local arts market and its position as a leading international Chinese orchestra. The value of the HKCO is multifaceted, no matter whether the cultural development of Hong Kong or the history

of Chinese orchestral music.

Due to my unique position as the first ED of the HKCO, throughout the entire audit review exercise I had a chance to sit back and evaluate my knowledge of arts administration, and the value and direction of my work. We live in a time of great change. At times, the basis for sustainability lies in the value of 'creating our own future'. Therefore, to evaluate whether a VFM study is an appropriate model for the performing arts, the problem is both the nature of VFM and the application process, and whether there is any other model that could better present the value of art or performing arts groups, representing their essential aspects to shed light on their ongoing healthy development in Hong Kong and abroad.

Schiffman and Kanuk (2000) state:

Consumer perceived images of products, brands, service, prices and manufacturers, products and brands have symbolic value for individuals who evaluate them on the basis of their consistency with their personal pictures of themselves. They strive to create a product image consistent with the relevant self-image of the targeted customer segment.

To stress professionalism and develop a strong corporate image is therefore a common way to reduce the uncertainty that an arts production generates in the minds of customers.

It is not the purpose here to offer an extensive critique of the VFM audit conducted by the Audit Commission. It is, however, the intention to signal the creative and dynamic nature of performing arts, which involves difficulties in making a fair judgment on its 'value'. The lack of knowledge in the arts in general was also discussed when the

Audit Commission of Hong Kong released its first ever VFM study of the HKCO. When the audit report was released in 2010, it stimulated discussion among practitioners from arts circles, academics, music critics, the mass media and the general public. Issues such as complimentary tickets, counts of attendance, the working hours of musicians and so on attracted waves of debate. Though it is widely accepted that a government subvention body should be administered very carefully and be subject to audit because it is in receipt of public money, there is controversy about how the value of the HKCO has been audited. Survey findings showed that majority of the respondents agreed with the practice of the HKCO on the above issues. Some people commented that arguments arise because there is a lack of general cultural knowledge among the public and media of Hong Kong.

When I revisited the audit report, I underwent another reflection and self-assessment regarding what I had done. In the past, when governmental offices or other NGOs received an audit report, they usually tried to keep a low profile. This was because it was felt that the process was actually a facade and it was best just to agree, then the case would finish and no further action would be taken. If one reacted in opposition to the findings and angered the staff at the Audit Commission, one would be kept very busy handling their follow-up questions and investigations. Therefore, many senior government officials and administrators in the field advised us not to clarify misunderstandings: the business would die down gradually. We were actually not sure if this was the correct marketing decision for the HKCO to come out and clarify what was the norm in the arts industry. The research process helped me to reflect and revisit the issue, and to be reassured that the action that we took at that time was correct.

6.4 Recommendations

The research results revealed that a non-profit-distributing organization is one in pursuit of its mission and that reinvests its profit for further development. It is a kind of mission-oriented business. Investment in the arts is a seed-planting process that takes years to bear fruit. It is a long-term investment in which results may not be economically viable in purely monetary terms. It also takes time for a non-profit organization to build up its brand. Therefore, when funders consider a study to measure the success or value of the arts organization, elements should include both quantitative and qualitative aspects that reflect the various contributions of the organization.

During the research process, respondents in the arts industry did not have a full understanding of a VFM audit. However, all of them opined that a performing arts organization should not be measured exclusively by figures and economic terms. The measuring method should be a composition of key performance indicators suggested by its stakeholders, including people from both the artistic and administration sides. Although the purpose of introducing a VFM audit into public services was to meet the need to provide information to stakeholders, the nature of such an audit is more than just ‘money’ and ‘economic figures’ (Barr & Christie, 2015). It is an independent scrutiny study that it not just about collecting fact to highlight weaknesses in procedures. What a VFM audit trying to achieve is not purchasing at the lowest price, but taking account of the mix of quality: cost, resources use, fitness for purpose, timeliness and convenience to judge whether or not, together, these constitute good value. In this regard, an all-round perspective should be taken if we are to measure the ‘value’ of an arts organization that operates within an innovative and creative industry. A VFM audit was introduced because traditional financial figures failed to provide adequate information to stakeholders. However, a ‘VFM audit practice does not have a

universal methodology. VFM audit function differs from one places to another, or even different from one team of auditors to another due to their own interpretation of findings and knowledge in arts administration practices' (Glynn, 1985, p.21). This is very dangerous.

The term 'value for money' audit, which is what VFM stands for, will mislead readers into drawing a conclusion on whether the audited organization is well worth the public money spent. A VFM audit is a type of operational or management audit that fails to reflect a full picture of where the organization is going. Moreover, audit team members' knowledge of the industry is critical, because misinterpretation of data will mislead the public. Research results have shown that a VFM audit fails to reflect a full picture of the intangible value of an arts organization. Instead, the measuring method should include both qualitative and quantitative key performance indicators that are in line with the mission of the arts organization. Having said that, a VFM audit is not applicable to the performing arts industry. If there is a chance that the government is to undertake this type of study, it is recommended that industry professionals should be involved in their audit team as advisors. Further, there should be quality assurance to counter-check the work of the audit team, as in Canada (Office of the Auditor General of Canada, 2000).

6.5 Outcome of the Project

Globalization has been a major factor, increasing the desire and possibilities for educational exchange and intellectual curiosity about other cultures. Participants were greatly interested in my research project and asked me to share the findings at international seminars and workshops. The audience for this project result covers people from various sectors, from junior to senior arts administrators, other

practitioners in the arts industry, students who would like to pursue a career in arts administrations, accounting professionals, the media and critics, as well as those who are interested in this topic. Through my connections in local and global arts administration circles, I shall share the findings and knowledge gained from this research within and outside the arts industry, and in both the local community and the cities of other countries. The findings will offer accounting professionals different perspectives on the performing arts when they conduct similar studies.

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Scope of Activities and List of Awards of Hong Kong Chinese Orchestra after 2001

Scope of Activities

- To bring the colourful world of Chinese music to the people of Hong Kong, the Orchestra organizes more than one hundred regular and outreach concerts every year, as well as mass activities and arts festivals, including Hong Kong Huqin Festival, Hong Kong Drum Festival, Hong Kong Dizi and Xiao Festival, Hong Kong Zheng Festival, Hong Kong Yanqin Festival, Composers' Festival of Hong Kong and Conductors' Festival of Hong Kong.
- As a cultural ambassador of Hong Kong, the Orchestra has been invited to perform at various famous venues in the world and at international festivals. It has performed in Australia, Singapore, Japan, South Korea, mainland China, Taiwan, Macao, Canada, the United States, Holland, Austria, Germany, England, France, the Czech Republic, New Zealand, Ireland, Russia; Belgium and Norway (Arctic Circle).
- To promote Chinese music to different sectors of the community and to provide long-term financial support for the development of the Orchestra, the Friends of HKCO was set up in 1998 and the HKCO Development Fund was set up in 2002.
- To nurture the growth of a new generation of music-makers and audience in Chinese music, the Orchestra gives performances in schools and organizes instrumental classes. The Hong Kong Children Chinese Orchestra and the Hong Kong Junior Chinese Orchestra were established in 2003. Educational projects were organized in conjunction with television stations, radios and other institutions, and a CD-ROM entitled *The Treasure of Chinese Music: The Huqin* was produced and released by the Orchestra.
- The Orchestra has joined hands with the Hong Kong Arts Development Council, The Hong Kong Academy for Performing Arts, universities and tertiary institutions of Hong Kong in music education projects such as the Artistic Exchange Programme, the Internship Scheme, and The Hong Kong Academy for Performing Arts/HKCO - Institutions Partnership Programme & Professional Orchestra Internship. In 2009, the Orchestra established the world's first Chinese orchestral academy - The HKCO Orchestral Academy with the Xi'an Conservatory of Music.
- The Orchestra continues to develop and conduct research on Chinese traditional and contemporary music, and to strive to achieve the best acoustic effects through reforming instruments by setting up the Folk Music Group, the Chamber Music Group and the Instrument R & D Group.
- The Orchestra has an extensive discography of over 50, which includes live recordings of its concerts, studio recordings etc. in CD, VCD and DVD formats. It also launched the world's first ever SACD recording of a live concert by a Chinese orchestra in 2003.
- The Orchestra performed the soundtrack music for such award-winning films as *Warriors of Heaven and Earth* and *Kung Fu Hustle*.
- Apart from collating and publishing papers presented at the symposia and conferences, the Orchestra also publishes books on Chinese music. The titles published to date are *The Enjoyment of Chinese Orchestral Music* and *A Handbook to Appreciating Chinese Orchestral Music*.
- In carrying out social commitments, the 'Music for Love' scheme was set up in September 2005 to bring the beauty of Chinese music to the under-privileged like seniors, orphans and single-parents centres etc.

Honours and Awards

- The Orchestra was awarded for 'The Most Outstanding Achievement in Advancing Contemporary Chinese Music' by the ISCM World Music Days 2002 Hong Kong. (2002)
- The Orchestra was the first performing arts group to be awarded 'Directors of the Year - Statutory / Non-profit-distributing Organisation Board' by The Hong Kong Institute of Directors for achievement in corporate governance. (2004)
- The Orchestra was the first performing arts group to be awarded '2004 Best Corporate Governance Disclosure Awards - Gold Award of Public Sector / Not-for-profit Category' by the Hong Kong Institute of Certified Public Accountants. (2004)
- The Orchestra was the first performing arts group to be awarded for 'The 28th Top Ten Chinese Gold Songs Award - The Golden Needle Award' by Radio Television Hong Kong. (2005)
- The Orchestra was the first performing arts group to be awarded the '10 Plus Caring Organisation' logo by The Hong Kong Council of Social Services. (2005 - 2015)
- The Orchestra was awarded the 'Most Outstanding Achievement in Advancing Asian Contemporary Music' by the Asian Composers League. (2007)
- *Roots of the Chinese*, a recording that featured the Orchestra, won two awards in the 'Instrumental Music - Album' category and the 'Instrumental Music - Performance' category at the 6th China Gold Record Awards. (2008)
- The Orchestra was the first performing arts group to be awarded the Judging Panel's Grand Prize in The 2nd Hong Kong Corporate Branding Award. (2008)
- The Eco-Huqin Series developed by the Orchestra was awarded the 'Hong Kong Awards for Environmental Excellence - "Class of Good" Productwise Label'. (2008)
- The Chinese Music Alive Scheme of the Orchestra was awarded the Certificate of Merit - Award for Arts Education by the Hong Kong Arts Development Council. (2011)
- 'The Hong Kong Chinese Orchestra presents the world's first Hong Kong International Conducting Competition for Chinese Music' was voted as one of the *Top 10 Music Headlines* by the related industries and Hong Kong citizens in two consecutive years. (2011, 2012)
- The Hong Kong International Conducting Competition for Chinese Music of the Orchestra was awarded the 2011 Bronze Award for Arts Promotion (Group/Organisation Category) by the Hong Kong Arts Development Council. (2012)
- The Eco-Huqin Series developed by the Orchestra was on the honours list of the '4th Ministry of Culture Innovation Awards' of the People's Republic of China. (2012)
- The Eco-Huqin Series won the 'Green Innovations Award' presented by the '2013 Hong Kong Awards for Environmental Excellence'. (2.5.2014)
- The Eco-Huqin Series won the 'Distinguished Innovative Environmental Concept Award' at the 'Green China 2014 - Environmental Achievement Awards'. (5.6. 2014)
- The Eco-Huqin Series won the 2015 U Green Awards for 'Excellence of Environmental Contributions - Culture and Art'. (21.8.2015)

Appendix II

List of Arts Organizations Set up During the 70s and 80s

Year	Name of Arts Organizations/Offices
1972	Hong Kong Arts Festival
1974	Hong Kong Philharmonic Orchestra became a professional orchestra in under the funding of the Government
1976	Asian Arts Festival
	Hong Kong Museum of Art
	Hong Kong Museum of History
	Antiquities and Monuments Office
1977	Hong Kong International Film Festival
	Hong Kong Repertory Theatre
	Hong Kong Chinese Orchestra
	Chung Ying Theatre
	Hong Kong Ballet
	City Contemporary Dance Company
	Hong Kong Music Office
	Hong Kong Arts Centre
1981	Hong Kong Dance Company
1982	Zuni Icosahedron
1984	Hong Kong Academy of Performing Arts

Note: More than 19 amateur drama companies were set up from 1973-1989

Appendix III

List of Performing Venues Established During the 70s and 80s

Year	Name of Venues
1980	Hong Kong Elizabeth Stadium
	Tsuen Wan Town Hall
	Hong Kong Space Museum
1982	Council for the Performing Arts (Replaced by Hong Kong Arts Development Council in 1994))
1983	Hong Kong Stadium
	Ko Shan Theatre
1985	Taipo Civic Centre
1987	Shantin Town Hall
	Tuen Mun Town Hall
	Ngai Chi Wan Civic Centre
	Sai Wan Ho Civic Centre
1989	Hong Kong Cultural Centre
	Sheung Wan Municipal Centre

Objectives of the WKCD Project

Section 4(2) of Part 2 of the WKCD Authority Ordinance (2008)

Nevertheless, West Kowloon Cultural District has boost the cultural and entertainment establishment in Hong Kong and we can see the objectives of WKCD that mentioned in Section 4(2) of Part 2 of the West Kowloon Cultural District Authority Ordinance (2008) that WKCD aims to achieve specifically but could be seen as an indication of Government's recent articulation of cultural policy. The objectives are:

- To facilitate the long-term development of Hong Kong as an international arts and cultural metropolis;
- To uphold and encourage freedom of artistic expression and creativity;
- To enhance and promote excellence, innovation, creativity and diversity in arts and culture;
- To enhance the appreciation of a diverse and pluralistic range of the arts;
- To develop new and experimental works in arts and culture;
- To cultivate and nurture local talents in the arts (including local artists) and local arts groups and arts-related personnel;
- To encourage wider participation by the local community;
- To facilitate development of cultural and creative industries;
- To facilitate and enhance cultural exchange and co-operation between the mainland of China, Hong Kong and any other place;
- To encourage community, commercial and corporate support and sponsorship of arts and culture;
- To provide or facilitate the provision of free and accessible open space within the WKCD to the general public; and
- To strengthen the position of Hong Kong as a tourist destination.

Obviously, the government is putting tremendous effort in boosting the cultural and arts development in Hong Kong to cope with the development of West Kowloon Cultural District. Besides, The Honorable Leung Chun Ying has also emphasized in its 2013 Chief Executive Policy Address about the strengthening of arts administrators training. It was stated in paragraph 183 that:

“With strong support of the Government, local arts groups and organizations have flourished in recent years, leading to a growing demand for arts administrators. The phased completion of cultural facilities of the WKCD will add to the demand. Additional funding of \$150 million will be allocated to strengthen the training of arts administrators with different levels of experience in the next five years, including internships, further studies and diversified professional training.”

Appendix V

Courses on Arts Administration Initiated by Universities

Name of Institution	Name of Course	Other Information (from website of institutions retrieved in 2013)
The Hong Kong Institute of Education	Executive Master of Arts in Arts Management and Entrepreneurship	Implemented this year, more information yet to be released
The Hong Kong Institute of Education Department of Cultural and Creative Arts	Bachelor of Arts (Honours) in Creative Arts and Culture Programme	Four year full-time Local students: HK\$42,100 per year Non-local students: HK\$100,000 per year
The University of Hong Kong	Advanced Cultural Leadership Program	Local/non-government: HK\$15,000@ Overseas/government: HK\$5,000@
The Hong Kong Academy for Performing Arts	Master of Fine Arts in Theatre and Entertainment Arts (specializing in Arts and Event management)	HK\$87,000 per year (2 years full time program) HK\$58,000 per year (3-4 years part-time program)
The Chinese University of Hong Kong Department of Cultural and Religious Studies	Master of Arts in Cultural Management	HK\$80,000 per year (1 year full-time) or HK\$40,000 per year (2 years part-time)
The Chinese University of Hong Kong, School of Continuing and Professional Studies	Diploma Programme in Cultural Management	HK\$10,800 (4 modules with 120 hours)
The Chinese University of Hong Kong, School of Continuing and Professional Studies	Higher Diploma Programme in Cultural Management	HK\$1,485 per credit unit. Total credit units: 63
The Chinese University of Hong Kong, Faculty of Arts	Bachelor of Arts Programme in Cultural Management	Four year full-time Local students: HK\$42,100 per year Non-local students: HK\$120,000 per year

Name of Institution	Name of Course	Other Information (from website of institutions retrieved in 2013)
City University of Hong Kong, College of Liberal Arts and Social Sciences	Bachelor of Arts (Honours) in Culture and Heritage Management	Four year full-time Local students: HK\$42,100 per year Non-local students: HK\$120,000 per year
School of Professional and Continuing Education (HKU Space)	Postgraduate Diploma in Creative Industries Management (Arts and Culture)	HK\$30,600 (one year programme)
Hong Kong Baptist University, Academy of Visual Art	Master of Visual Arts (Arts Administration)	HK\$100,000 (payable by 6 trimesters) (2 years part-time mixed-mode) (3 trimester per year)
Hong Kong Baptist University, School of Continuing Education	Professional Diploma in Arts Administration	HK\$18,000
The Open University of Hong Kong	Professional Certificate in Performing Arts Administration and Marketing	HK\$10,300 Intake per year (Mar & Spet) Program Duration: 98 hours
Hong Kong Institute of Vocational Education	Higher Diploma in Cultural Business and Exhibition Management	HK\$18,600 per semester (full-time, 5 semesters with 2-3 semesters during one academic year normally)

Appendix VI

Definition of VFM Audit by Different Audit Offices

“An independent examination of the efficiency and effectiveness of government undertakings, programs or organisations, with due regard to economy, and the aim of leading to improvements.”

International Organisation of Supreme Audits Institutions (INTOSAI)

“VFM audits are non-financial audits to measure the effectiveness, economy and efficiency of government spending.” and “VFM reports only examine the implementation of policy. The responsibility for questioning policy is left for other select committees and debating chambers of Parliament.”

- National Audit Office in the United Kingdom
(www.nao.org.uk accessed 7 June 2013)

“VFM auditing is “management auditing”. It is a “performance audit” which is oriented towards examining the performance, economy, efficiency and effectiveness of public administration.

- Supreme Audit Institution in Canada
(Boisclair, 2008)

“a systematic, purposeful, organized and objective examination of government activities. It provides Parliament with an assessment on the performance of these activities; with information, observations and recommendations designed to promote answerable, honest and productive government; and encourage accountability and best practices.” and

“Its scope includes the examination of economy, efficiency, cost-effectiveness and environmental effects of government activities; procedures to measure effectiveness; accountability relationships; protection of public assets; and compliance with authorities. The subject of the audit can be a government entity or activity (business line), a sectoral activity, or a government-wide functional area.

- Office of the Auditor General of Canada Audit Manual (p.4)

“a performance audit ‘which evaluates whether an organization or government program is achieving its objectives effectively, and doing so economically and efficiently, and in compliance with all relevant legislation”

-Victorian Auditor-General’s Office (2010)¹ in Australia

¹ VAGO is one of the ‘State Audit Office’ of Australia.

“Publicly-funded non-governmental organizations (NGOs) are accountable for the use of public resources in their provision of services. The public is concerned about whether good value is obtained for the public money entrusted to these organizations. VFM audits of NGOs may be likened to “health checks”, aiming at helping “prevent long-term illness through early diagnosis and treatment”. In conducting health checks for a NGO, we examine its corporate governance. Similar to the past few years, our audits of NGOs highlighted problems of corporate governance and made recommendations for improvement. “Corporate governance” of an organization is similar to the “immune system” of a human being that safeguards stakeholders’ interests, prevents corporate failures, and ensures long-term corporate health and sustainability. Problems with the immune system will inevitably lead to infections and illnesses. A collapse of the immune system is very often fatal. Similarly, for an organization, while achieving good corporate governance may not guarantee success, without it, failure is almost certain. Our recent audits have revealed various problems with the governance of NGOs. The corporate governance of these NGOs will continue to be an important area of concern in our future VFM audits.”

Director of Audit in Hong Kong, Benjamin Tang
Director’s Message of The Audit Commission’s Annual Report
2010-11

Appendix VII

First Introduction of Value for Money Audit in Canada

Before 1973, Office of the Auditor General in Canada was mostly involved and engaged by transactions audits. Upon appointment of new Auditor General, James J. Macdonell, in 1973, a redefinition of the audit role was introduced in Canada. In Macdonell's Paper "Comprehensive Auditing - A New Approach to Public Sector Accountability in Canada" presented to The Second Seminar of Senior Government Audit Institutions, Macdonell expressed his concern as follows:

"Did the Auditor General have the right to examine and report on more than just the legality of expenditures? For example, how far can he go in commenting on whether or not they had been made with due regard to economy, efficiency and effectiveness?"

Concern of the 3Es by audit office was first mentioned at that time. An independent review committee comprising of two accountants and one lawyer was established in Canada to inspect the responsibilities of the audit office; its relationship with Government departments and agencies and its reporting procedures. In 1975, the review committee finished its report to the Parliament of Canada and recommended that the Auditor General should be concerned as to whether value had been received for public money expended and should report adverse findings to the Parliament. This recommendation was embodied in the Auditor General Act of 1977 which requires the Auditor General to report to the House of Commons when "... money has been expended without due regard to economy or efficiency, or satisfactory procedures have not been established to measure and report the effectiveness of programs, where such procedures could appropriately and reasonably be implemented." (Glynn 1985: 115) New approach of auditor's role in Canada was therefore implemented. Not only did the recommendation change the role of auditors in Canada, it has also influenced the practice of VFM audit in many other countries afterwards.

At the same time, Interchange Program of the Public Services Commission was organized in Canada. During the Interchange Program, a group of senior staff from the Auditor General's department were matched with twenty senior employees of nineteen national firms of chartered accountants. Financial Management and Control Study were conducted under this Program, at which professional input on the service was engaged and their professional opinion was gauged. The study was eventually completed in two years time and the results of the study were conveyed in the Auditor General's report to the Parliament in 1976. In the report, it was stated

that: “Parliament – and indeed the Government itself – has lost, or is close to losing, effective control of the public purse”. In accepting this key recommendation, the Government appointed the first Comptroller General of Canada and set up a Royal Commission on Financial Management and Accountability.

In 1977, Auditor General revealed in its Annual Report that there were serious weaknesses in the financial control and security systems of the majority of Government computer installations. Subsequently, results of the first VFM audits on thirty-five studies in twenty-three departments were disclosed in the 1978 Annual Report of Auditor General. Apart from government measures on adopting VFM audits in governmental offices, Canadian Institutes of Chartered Accountants also endorsed VFM audits as appropriate for all levels of government in his report: “In the not-for-profit area these incentives (i.e. profitability, competitive environment) are absent and, as a consequence, it may be appropriate to extend the audit of such enterprises to encompass the economy, efficiency and effectiveness of the enterprise’s operations (the ‘value for money’ audit). ... We believe that this type of audit is appropriate for all levels of government: provincial, regional and municipal. In time it should be extended to cover public organizations such as hospitals and universities, in addition to all of the non-commercial Crown corporations. It may also be appropriate in the audit of charities.” (Glynn 1985: 117) As a result, VFM auditing happened within or outside the orbit of the Canadian Government in the 1970s. Apart from Canada, application of VFM audit in public service became one of the focal points at the international stage in 1977.

The International Organization of Supreme Audit Institutions (INTOSAI) is a worldwide affiliation of governmental entities which aims to promote development of knowledge, improve government auditing worldwide and enhance professional standing and influence of members in their respective countries. INTOSAI is operated under the motto of “Mutual experience benefits all”. INTOSAI’s members are the Chief Financial Controller/Comptroller General/Auditor General Offices of nations. INTOSAI was founded in Havana, Cuba in 1953. The organization was originally formed by 34 audit organizations and membership has already reached 193 institutions in 2010, including China and Hong Kong. In 1977, INTOSAI adopted the Lima Declaration of Guidelines on Auditing Precepts (www.intosai.org/en/portal/documents/intosai/general/lima_declaration/) in October, which put VFM audits equivalent weight as financial audits or compliance audits.

Declaration of Guidelines on Auditing Precepts Chapter 1 – Section 4 Legality audit, regularity audit and performance audit	
1	The traditional task of Supreme Audit Institutions is to audit the legality and regularity of financial management and of accounting.
2	In addition to this type of audit, which retains its significance, there is another equally important type of audit – performance audit – which is oriented towards examining the performance, economy, efficiency and effectiveness of public administration. Performance audit covers not only specific financial operations, but the full range of government activity including both organizational and administrative systems.
3	The Supreme Audit Institution's audit objectives – legality, regularity, economy, efficiency and effectiveness of financial management - basically are of equal importance. However, it is for each Supreme Audit Institutions to determine its priorities on a case-by-case basis.

**VFM Audit Guidelines tabled in the Provisional Legislative Council by the
Chairman of the PAC in 1998**

**Paper presented to the Provisional Legislative Council
by the Chairman of the Public Accounts Committee
at the meeting on 11 February 1998 on
Scope of Government Audit in the
Hong Kong Special Administrative Region -
'Value for Money Audits'**

SCOPE OF WORK

1. The Director of Audit may carry out examinations into the economy, efficiency and effectiveness with which any bureau, department, agency, other public body, public office, or audited organisation has discharged its functions.
2. The term "audited organisation" shall include -
 - (i) any person, body corporate or other body whose accounts the Director of Audit is empowered under any Ordinance to audit;
 - (ii) any organisation which receives more than half its income from public moneys (this should not preclude the Director from carrying out similar examinations in any organisation which receives less than half its income from public moneys by virtue of an agreement made as a condition of subvention); and
 - (iii) any organisation the accounts and records of which the Director is authorised in writing by the Chief Executive to audit in the public interest under section 15 of the Audit Ordinance (Cap. 122).
3. This definition of scope of work shall not be construed as entitling the Director of Audit to question the merits of the policy objectives of any bureau, department, agency, other public body, public office, or audited organisation in respect of which an examination is being carried out or, subject to the following Guidelines, the methods by which such policy objectives have been sought, but he may question the economy, efficiency and effectiveness of the means used to achieve them.

GUIDELINES

4. The Director of Audit should have great freedom in presenting his reports to the Legislative Council. He may draw attention to any circumstance which comes to his knowledge in the course of audit, and point out its financial implications. Subject to these Guidelines, he will not comment on policy decisions of the Executive Council and the Legislative Council, save from the point of view of their effect on the public purse.

5. In the event that the Director of Audit, during the course of carrying out an examination into the implementation of policy objectives, reasonably believes that at the time policy objectives were set and decisions made there may have been a lack of sufficient, relevant and reliable financial and other data available upon which to set such policy objectives or to make such decisions, and that critical underlying assumptions may not have been made explicit, he may carry out an investigation as to whether that belief is well founded. If it appears to be so, he should bring the matter to the attention of the Legislative Council with a view to further inquiry by the Public Accounts Committee. As such an investigation may involve consideration of the methods by which policy objectives have been sought, the Director should, in his report to the Legislative Council on the matter in question, not make any judgement on the issue, but rather present facts upon which the Public Accounts Committee may make inquiry.

6. The Director of Audit may also -

- (i) consider as to whether policy objectives have been determined, and policy decisions taken, with appropriate authority;
- (ii) consider whether there are satisfactory arrangements for considering alternative options in the implementation of policy, including the identification, selection and evaluation of such options;
- (iii) consider as to whether established policy aims and objectives have been clearly set out; whether subsequent decisions on the implementation of policy are consistent with the approved aims and objectives, and have been taken with proper authority at the appropriate level; and whether the resultant instructions to staff accord with the approved policy aims and decisions and are clearly understood by those concerned;

- (iv) consider as to whether there is conflict or potential conflict between different policy aims or objectives, or between the means chosen to implement them;
- (v) consider how far, and how effectively, policy aims and objectives have been translated into operational targets and measures of performance and whether the costs of alternative levels of service and other relevant factors have been considered, and are reviewed as costs change; and
- (vi) be entitled to exercise the powers given to him under section 9 of the Audit Ordinance (Cap. 122).

PROCEDURES

7. The Director of Audit shall report his findings on value for money audits in the Legislative Council twice each year. The first report shall be submitted to the President of the Legislative Council within seven months of the end of the financial year, or such longer period as the Chief Executive may determine. Within one month, or such longer period as the President may determine, copies shall be laid before the Legislative Council. The second report shall be submitted to the President of the Legislative Council by the 7th of April each year, or such date as the Chief Executive may determine. By the 30th April, or such date as the President may determine, copies shall be laid before the Legislative Council.

8. The Director's report shall be referred to the Public Accounts Committee for consideration when it is laid on the table of the Legislative Council. The Public Accounts Committee shall follow the rules governing the procedures of the Legislative Council in considering the Director's reports.

9. A Government minute commenting on the action Government proposes to take in respect of the Public Accounts Committee's report shall be laid on the table of the Legislative Council within three months of the laying of the report of the Committee to which it relates.

10. In this paper, reference to the Legislative Council shall, during the existence of the Provisional Legislative Council, be construed as the Provisional Legislative Council.

Invitation Letter to Participants of Research Project

A Survey of “Value of Arts”

To fulfill the requirement in furnishing my final dissertation for the Doctorate of Professional Studies (Creative and Cultural Industries), I write to seek your support and valuable opinion in respective area. Title of the research program for my doctoral degree is “Value of Arts - An Investigation of “Value for Money Study” for the Performing Arts.

While the public aspiration for the development of cultural economy is growing, Central Policy Unit (CPU) of Hong Kong sees an increasing demand for a healthy evidence-base framework to take stock of cultural assets and has conducted a review study on cultural audit: the Landscape of HK’s cultural infrastructure in 2011. The report examined the latest development of cultural statistics framework by UNESCO and other international studies in London, New York, Paris, Taipei and Shanghai. The review study opined that Cultural Indicator Framework should be a macro measure of status and development of cultural landscape for policy mapping and formulation. It cannot replace conventional cultural assessment of individual cultural sectors, or micro-level assessment of a policy, organization or even a particular kind of cultural activity.

Your insight is an invaluable data for my research work. Thank you very much for your kind consideration on my request and I look forward to receiving your completed survey which is vital to the success of my research. Should you have any enquiries on my request, please do not hesitate to contact me (phone: 852-9768 2352; fax: 852-2850 5374; celina@hkco.org).

With warmest regards,
Chin Man-wah, Celina

History of the Establishment of HKCO in 1977

With the influx of Chinese musicians migrated to Hong Kong from China after the 2nd World War, many amateur Chinese orchestras were set up during the 1950s-70s in Hong Kong. One of the most outstanding and established amateur Chinese orchestra was 「香港中國國樂團」 set up by Lui Pui Yuen (呂培原), but this orchestra was dissolved after Lui migrated to the States in the 1970s. UC was impressive with Lui's vision and the model he adopted for the Orchestra. As continuity and in pursuance of UC's plan in setting up a professional Chinese orchestra for the musicians in Hong Kong, UC subsidized a group of local musicians coming from all parts of China. And the group was subsequently registered under the Societies Ordinance as 「香港中樂團」 (Hong Kong Chinese Music Orchestra). UC then supported and subsidized the group on a semi-professional contract basis under a mutual agreement that the Orchestra has to organize about a series of 5-6 concerts (2-3 performances for each concert) each year. The orchestra was eventually established to be the only professional Chinese orchestra in Hong Kong in 1977. While remaining the Chinese name of 「香港中樂團」, the English translation was changed from "Hong Kong Chinese Music Orchestra" to "Hong Kong Chinese Orchestra." At that time, management of the Orchestra was taken up by the management team of City Hall, and the first inauguration concert was scheduled on 14th October 1977 at the Hong Kong City Hall as part of the programs of The 2nd Festival of Asian Arts. (Chang 2006:204-217)

Dr Darwin Chen (Chen)¹ who was the key figure proposed the establishment of HKCO to the then Chairman of UC at that time. During his interview with one of the major arts magazines in HK, the AmPlus (Chu: 2012) at the special edition series in celebration of the 35th anniversary of HKCO, Chen released the first hand information on how political and social issues influence the setting up process of HKCO. Chen recalled at the interview that though Hong Kong was a city blending with a mix of culture from the East and the West, the English Colonial Government was reluctant to promote Chinese culture in Hong Kong during 1950s-1970s. More emphasis was paid on the western culture in the city. The main difficulties that hinder the promotion and development of Chinese music in Hong Kong were:

- The English Colonial Government viewed "China" as "Communist party". They were afraid that China would invade Hong Kong by using culture as a tool;

¹ Dr Darwin Chen is the first Chinese being appointed as Director of Urban Services Department in 1976.

- There was no Chinese music professional training in Hong Kong. Most of the professional musicians were in China.

The Cultural Revolution in China was a tragic historical event that destroyed and hindered the development of traditional Chinese culture in China. However, the Revolution, on the contrary, became a solution to the Colonial Government in developing traditional Chinese culture in Hong Kong. The Cultural Revolution, a social-political movement that took place in the People's Republic of China from 1966 to 1976, was set into motion by Mao Zedong, then Chairman of the Communist Party of China. One of the goals of The Cultural Revolution were to enforce communism in the country by removing capitalist, traditional and cultural elements from Chinese society. Since Chinese culture was abandoned during the Cultural Revolution in China at that time, the Colonial Government of Hong Kong considered establishing a Chinese orchestra to promote the beauty of Chinese music is something that the China Government would not do at that time. The English Colonial Government therefore was doing something different from China, revealing the individuality of Hong Kong being a Colony of the British Government.

Darwin Chen also pointed out at the interview that in addition to the changes of attitude of the colonial Government, reorganization of the political structure in Hong Kong was also another crucial element for the possible establishment of HKCO. In order to oppose the political party of China, the Colonial Government set up the category of “elected member” in UC to nurture politician and made UC an independent incorporated body with financial autonomy. When former UC became an independent incorporated body with financial autonomy in 1973, some members of the UC who were passionate with the arts started planning for the “software” development of the arts and culture in Hong Kong (Chang 2006:204). After setting up the professional western symphony orchestra “Hong Kong Philharmonic Orchestra” in 1974, the Government started planning to set up some other professional companies in Chinese dance and music. Since the HKPO, HKB and CCDC were performing arts groups promoting the western culture, Chen thought it was a very suitable moment to propose the setting up of the HKRT, HKDC and HKCO, performing arts organizations that promote traditional and local culture.

Another hindrance at that time was the source of Chinese music talents. Although lots of musicians have already migrated to Hong Kong due to Cultural Revolution, most of the Chinese music professionals or expertise was still living in China. To identify a suitable person, living outside China, with artistic visions to lead the Orchestra became a big question. In November, 1976, People's Association

Chinese Orchestra in Singapore 「新加坡人民協會華樂團」, under the artistic leadership of Ng Tai Kong (吳大江), was invited by UC to give a concert at The 1st Festival of Asian Arts. The charismatic performance of Ng Tai Kong impressed the officials and audience in Hong Kong. As a result, Ng Tai Kong was appointed to be the first Music Director of HKCO on 1st June 1977.

When Ng Tai Kong took up the charges of the HKCO at that time, he has clearly expressed that his visions for the Orchestra were to establish a disciplined orchestra with professional spirit; to be recognized at world's music stage through touring; to promote Chinese music in Hong Kong and widen audience base; and to establish a commissioning system for the Orchestra to enrich repertoire of modern Chinese orchestra, especially to demonstrate the strength of symphonic Chinese orchestral music. (Chang 2006:219, 236). Under the arms of the Hong Kong Government, HKCO has since then developed from an establishment of about 50 to 85-strength full orchestra scale. HKCO has been developing steadily along the visions laid down though under leadership of different Music Directors² in different periods: Ng Tai Kong (1977-1985), Kuan Naichung (1986-1990), Henry Shek (1993-1997) and Yan Huichang (1997 - present). With steady support and back up from the Hong Kong Government, HKCO grows steadily and has been regarded to be the leading Chinese orchestra in the industry because of its commissioning system and established professional and sound arts management.

² Music Director was changed to become Artistic Director cum Principal Conductor in 2003 to cope with diversified programs of the Orchestra in new era of development.

HKCO's First Annual Report (p.5-23)

PREFACE

前言

Background

Hong Kong Chinese Orchestra Limited ("the Company") can trace its origin to 1977, when Hong Kong Chinese Orchestra was founded and incorporated as a programme of the then active Urban Council with about 60 musicians. In its early and growth stages, the Orchestra was managed by the then Urban Services Department for 23 years and eventually by Leisure and Cultural Services Department ("LCSD") from 1 January 2000 through 31 March 2001.

The Orchestra is the only professional Chinese orchestra in Hong Kong and one of the largest and most renowned of its type in the world. The Orchestra features the following:-

- Records for the first 24 years:-
 - Approaching 1,500 concert performances;
 - Performance of a total of over 3,000 music pieces;
 - An accumulative audience of over 2,000,000;
 - Nine recorded albums;
 - The organization of two large-scale international conferences on the development and composition of Chinese music, with the publication of two volumes of proceedings;
 - The organization of an international competition for Chinese orchestral compositions, with a total of 87 entries.
- A current establishment of:-
 - A Music Director leading two Assistant Conductors, a Concert-

master / Assistant Conductor and 84 musicians divided into the four sections of bowed strings, plucked strings, wind and percussion;

- An Executive Director leading an executive team.
- Playing both traditional and modernized versions of Chinese music instruments as well as individual foreign music instruments.
- Presentation of full-scale symphonic traditional folk repertoires and contemporary compositions.
- Providing programmes of different styles to blend the diverse artistic expressions and techniques of today with the traditional culture of China in interpretation of metropolitan life.
- Extensive commission of new works of varying styles, totaling over 1,300 original works and arrangements.
- Active engagement in promotion, education, research and development of traditional and modern Chinese music.

In early 2000, in accordance with policies set by the Home Affairs Bureau, a decision was made by LCSD to convert the Orchestra, in a business sense, into a corporation while continuing to render financial support for the Orchestra.

Preparation for Incorporation

To implement the incorporation, a Preparatory Committee was set up by LCSD and operated for one year from April 2000 through March 2001.

The Preparatory Committee consisted of members from diverse backgrounds, including business, music, academia and the professions. Senior executives of LCSD participated in the Preparatory Committee and lent excellent support in the preparation work.

The Preparatory Committee held 12 formal meetings and conducted consultative sessions with all members of the Orchestra in three group meetings. Major items of review and study included the



Orchestra's company registration and format, Memorandum and Articles of Association, organization structure, initial employment terms and conditions, recruitment of an Executive Director and the Executive Team, appointment of a Company Secretary, staff communications, programme planning for the first year, design of the Company's graphic signature (symbol and logo) and corporate identity materials, a budget and the Funding and Services Agreement with the Government. The Preparatory Committee placed strong emphasis on effecting a smooth transition through extensive dialogues and communication with the staff in order to obtain mutual understanding, trust and co-operation in the change, so as to continue the

Orchestra's high-quality artistic standards and service to the public.

The Company is pleased to acknowledge members of the Preparatory Committee for their dedication in the foundation work of the Company. These participants included:-

Ms Carlye W L Tsui JP MBE
(Chairman)

Ms Barbara Fei BBS

Mr John K P Fan BBS JP

Prof Chan Wing-wah JP

Mr Carlson Tong

Mr K C Li

(1 April 2000 - 17 July 2000)

Ms S K Choi JP
Deputy Director (Culture), LCSD

Mr Chung Ling-hoi JP
Assistant Director (Performing Arts), LCSD

Mr Jeff Ying
Chief Manager, (Performing Companies and Festivals) (then), LCSD

Mr William Yan
Senior Manager
(Performing Companies/
Hong Kong Chinese Orchestra) (then), LCSD

Ms Rosina Ng
Chief Executive Officer
(Reorganization) (then), LCSD

Mr Bennet Ha
Chief Executive Officer
(Personnel Resources), LCSD

Mr Louie Ng
Senior Treasury Accountant
(Finance Management & System Unit) (then), LCSD

Mr Peter Ho
Senior Legal Officer (then), LCSD

Mr Yip Wing-sang
Senior Assistant Law Officer
(Civil Law), Department of Justice

Mr Wilson Chiu
Senior Executive Officer
(Reorganization) (then), LCSD

Mr Brandon Chau
Senior Executive Officer
(Appointments) (then), LCSD

Incorporation

As a non-profit-distributing* organization, the Company was registered on 7 February, 2001 as a Company Limited by Guarantee, essentially as a limited-liability company without shareholders, but with Members who vote at Annual General Meetings.

The Articles of Association of the Company stipulate that a Council is responsible for corporate governance and this Council consists of a minimum of six members and maximum of 20 members, with not more than one-third appointed by the Government and the others elected by Members.

As at inception of the Company, five Council Members were elected. In the first General Meeting held on 19 March 2001, one additional Council Member was elected. The Council Members elected among themselves officers including a Chairman, two Vice Chairmen, an Honorary Secretary and an Honorary Treasurer. Mr Wong Lung-tak Patrick was appointed Company Secretary. Three Council Members were appointed by the Government to commence duty on 1 April 2001. All Council Members perform their duties on a *pro bono publico* basis and serve an initial term until the first Annual General Meeting.

On 1 April 2001, the Company officially took over the governance and management of the Orchestra from LCSD.

* The Company aims to maintain a financially sound status as well as to strive to make a surplus of funds. Surplus funds would not be distributed to Company Members.



背景

香港中樂團有限公司(以下簡稱「本公司」)起源於1977年。這年,前市政局成立香港中樂團,約有樂師60人。成立初期至發展階段,樂團由市政事務署管理達23年,其後由康樂及文化事務署(以下簡稱「康文署」)於2000年1月1日接手管理,直至2001年3月31日為止。

香港中樂團是香港唯一的專業中樂團,也是世界上最大規模及著名的中樂團之一。樂團特色包括:

- 首24年錄得以下紀錄:-
 - 演出音樂會近1,500場;
 - 合共演奏樂曲逾3,000首;
 - 累積觀眾逾2,000,000人次;
 - 錄製九張影音唱片;
 - 舉辦兩次大型國際研討會,探討中樂的發展和創作,又出版了兩冊相關論文集;
 - 舉辦了一次國際作曲大賽,參賽作品達87首。
- 現時樂團編制如下:-
 - 音樂總監帶領兩位助理指揮、團長兼助理指揮及84位樂師,分成拉弦、彈撥、吹管及敲擊四個聲部;

行政總監帶領行政部門，負責本公司藝術行政工作。

- 所用樂器既有傳統的，也有現代改良過的中國民族樂器及直接引用外來樂器。
- 所演樂曲有傳統民族音樂，亦有當代大型交響性作品。
- 植根中國傳統文化，提供多元化和不同風格的節目，結合當今多種不同藝術表現手法及技巧，演繹大都會豐富多彩的生活。
- 委約各式各樣作品超過 1,300 首，包括委約原創作品和編曲。
- 積極宣傳推廣、教育、研究、發展傳統與現代中國音樂。

2000年初，康文署按民政事務局所訂政策，決定在繼續提供財政支援的同時，把香港中樂團公司化。

籌備公司化

為實施公司化政策，康文署於 2000 年 4 月成立籌備委員會，任期一年，運作至 2001 年 3 月為止，成員來自不同界別，包括商界、音樂界、學術界、專業人士。康文署高級行政人員亦參與其中，鼎力協助籌備工作。

籌備委員會召開了共 12 次正式會議、三次全體職員大會以諮詢樂團內所有成員。籌備委員會主要探討了樂團進行公司註冊的程序和形式、公司組織章程大綱及細則、公司架構、首次聘用合約條款、行政總監及其行政部門人員的招聘、公司秘書的委任、職員溝通、首年節目計劃、公司標識（徽號和字型）及企業識別材料的設計、財政預算、與政府簽定的資助及

服務合約。籌備委員會務求順利過渡，不斷與職員對話和溝通，在轉變中取得共識、互信、合作，讓樂團維持高質的藝術表現，繼續為公眾提供優秀服務。

蒙籌備委員會下列各成員不遺餘力，參與籌備公司化工作，本公司謹此衷心致謝：

徐討玲太平紳士（主席）

費明儀女士

范錦平太平紳士

陳永華教授（太平紳士）

唐家成先生

李建真先生

（履任至 2000 年 7 月 17 日）

蔡淑娟太平紳士

康文署副署長（文化）

鍾嶺海太平紳士

康文署助理署長（演藝）

英超然先生

康文署總經理（藝園及藝術節）（前任）

鄭健強先生

康文署高級經理（藝園／香港中樂團）（前任）

吳唐鳳齡女士

康文署總行政主任（重組工作）（前任）

夏士雄先生

康文署總行政主任（人力資源）

吳輝明先生

康文署高級庫務會計師

（財務管理及系統）（前任）

何美礎先生

康文署高級法律主任（前任）

葉永生先生

律政司高級助理民事法律專員

招永常先生

康文署高級行政主任（重組工作）（前任）

周允強先生

康文署高級行政主任（聘用）（前任）

成立公司

作為非分配利潤組織^{*}，本公司於 2001 年 2 月 7 日註冊成為有擔保有限責任公司，並無股東但由具周年大會表決權的會員組成。

本公司組織章程細則內訂明，理事會負責公司管治事宜，成員最少六人，最多 20 人，其中不多於三分之一由政府委任，其他則由會員選出。

本公司成立初期已選出五名理事，在 2001 年 3 月 19 日舉行的首次會員大會再選出理事一名。他們其後互選出主席、副主席兩名、義務秘書、義務司庫。本公司又委任黃龍德先生為公司秘書，三名政府委任的理事則於 2001 年 4 月 1 日就職。理事會所有成員均以義務公益責任方式履任，首次任期於第一次周年大會屆滿。

2001 年 4 月 1 日，本公司正式繼康文署接管香港中樂團。

^{*} 本公司理財目標是穩健之中力求盈餘，但所獲盈餘不會分派予本公司會員。





Ms. Carlye W.L. Tsui
徐尉玲女士



Ms. Barbara Pei
費明儀女士



Mr. John K.P. Fan
范錦平先生



Prof. Chan Wing-wah
陳永華教授



Mr. Carlson Tong
唐家成先生



Mr. David T.P. Au-yeung
歐陽贊邦先生



Ms. Chiu Lai-kiuen Susanna
趙麗娟女士



Mr. Lai Hin-wing Henry
賴頌榮律師



Mr. Wong Tin-yau Kelvin
黃天祐先生

Introduction

It gives me great pleasure to present the first Annual Report as Chairman of the Council of Hong Kong Chinese Orchestra Limited. As a professional orchestra receiving financial support through Government grant, concert box-office income, public donation and business sponsorship, the Company works to fulfill its obligations to the Hong Kong public.

CHAIRMAN'S STATEMENT 主席報告

The Council in its stewardship role is accountable to the Company's stakeholders including all Hong Kong citizens. The Company's Annual Report seeks to comply with the transparency and disclosure of information expected from a company that strives to reach best in class for good corporate governance.

This Annual Report covers the report of activities and highlights for the period from 1 April 2001 to the date of this report and the presentation of financial statements, and an auditors' report thereon, as at 31



March 2002, the end of the Company's financial year.

Honorary Patron

The first significant and encouraging news that I am pleased to report is that during the period under review The Chief Executive of Hong Kong SAR The Honourable Tung Chee Hwa kindly accepted our invitation to be Honorary Patron of the Company, a great honour for the Company.

Council Composition

The 2001-2002 Council consists of the following members:-

Ms Carlye W L Tsui JP MBE
Chairman

Ms Barbara Fui BBS
Vice Chairman

Mr John K P Fan BBS JP
Vice Chairman

Prof Chan Wing-wah JP
Hon Secretary

Mr Carlson Tong
Hon Treasurer

Mr David T P Au-yeung
(appointed by the Government)

Ms Chiu Lai-kuen Susanna
(appointed by the Government)

Mr Lai Hin-wing Henry
(appointed by the Government)

Mr Wong Tin-yau Kelvin

Council Meetings were attended by:-

- The above Council Members who have voting rights;
- The following invited regular participants from LCSD:

Ms Cynthia Liu,
Chief Manager (Arts Organizations,
Festivals & Entertainment), and

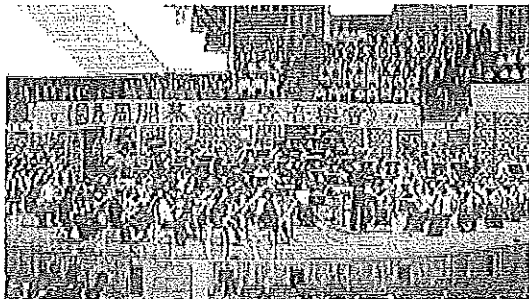
Ms Pang Lo-mei,
Senior Manager
(Arts Organizations);

- The following regular attendees who are the two Principal Executives of the Company:

Mr Yan Hui-chang Hubert
Music Director, and

Ms Chin Man-wah Cellina,
Executive Director; and

- Other Company managers, upon invitation by the Council, as appropriate to discuss and report on specific agenda items.



Council's Work Approach

Objectives of Incorporation

The Council is fully aware of the Government's policy in incorporating operational units with the objectives of enhancing accountability and transparency as well as ensuring better utilization of resources. For Hong Kong Chinese Orchestra, the objectives of incorporation were stipulated by LCSD as follows:-

- To allow the Company to pursue its artistic vision with a greater degree of autonomy.
- To allow more administrative flexibility to facilitate the aforesaid objective.
- To encourage more community involvement, interaction with and support for the Company.

Consensus of the Council

In accordance with the above objectives, the Council reached a consensus in the following directions of work:-

- To lead the Company through a transition into a market oriented company, providing the public with music of artistic excellence.
- To expand sources of income, including enhanced ticket sales and sponsorships.

- To set up corporate governance systems in order to achieve the above.

Initial Assignment

In line with the above directions of work, the Council set for itself an initial assignment to review and develop policies for 37 areas identified as follows:-

1. System of declaration of interests.
2. The Council's role: strategic plans, accountability, disclosure, monitoring of operations, setting values and targets, avoidance of conflicts of interest, self assessment of the Council's work.
3. Vision, Mission, Values - through workshops.
4. Invitation of Honorary Patron.
5. Artistic direction: long-term, medium-term and immediate plans.
6. Programmes for the planned season (September 2001 through August 2002).
7. Rights and usage of commissioned works.
8. Sources of income other than concerts: albums, publications, souvenirs.
9. Market and competition analyses.
10. Marketing strategies: company image, packaging and promotion of concerts, expansion of audience base.
11. Pricing of tickets, charitable performances.
12. Relations with the business sector and commercial sponsorships.
13. Donation programmes and the setting up of a Development Fund.
14. Fundraising strategies and programmes.
15. Relations with the media, critics, the music sector, etc.
16. The 25th Anniversary Celebration.
17. Outreach promotion programmes.
18. Touring concerts.
19. Co-operation with other arts groups.
20. Crisis management.
21. Human resources development, training and succession planning.
22. Job descriptions and definition of job responsibilities.
23. Internal relations.
24. Corporate culture.
25. Work performance assessment systems for musicians and the Executive Team.
26. Office policies.
27. Appointment of Auditors.
28. Accounting systems.
29. Budgets for the years 2001-2002 and 2002-2003.
30. Information technology policies.
31. Management information and regular reporting.
32. Regular reports to Government.
33. Annual Report.
34. Risk management.
35. Policies for various contracts.
36. Social responsibilities and ethics: anti-corruption, equal opportunities, personal data protection, environment

protection, intellectual property.

37. Committee structure of the Council.

All of the above items were on the agenda of Council Meetings in this first 15-month period of the Company. Some of the pressing issues went through extensive deliberations, resulting in the development of policies, whereas some other issues went through preliminary discussions. However, the above subjects will continue to be monitored closely and will be revisited from time to time.

Council Culture

The style of the Council is democratic and participative among attendees, with Council Members fulfilling their fiduciary duties in the deliberation of subjects so as to arrive at a consensus and conclusion in the best interests of the Company. The Chairman sets the meeting agenda with suggestions from Council Members and the two Principal Executives and presides at all Council Meetings. The two Principal Executives make their presentations to the Council for discussion. Council Members

participate actively in analyzing the subject under discussion approaching this from various perspectives. The Chairman summarizes the conclusion and seeks consensus, and if necessary calls for voting on a particular issue. The Chairman ensures that the Council goes through enlightened and considered decision-making processes. While assuming overall and ultimate corporate governance responsibilities, the Council concentrates on strategic directions and policy-making, motivating and allowing the two Principal Executives and their respective teams to plan, implement, manage and operate with maximum room for creativity.

Corporate Governance Principles and Guidelines

After 13 months of pilot experience in leading the Company, the Council developed a set of *Corporate Governance Principles and Guidelines*, which defines corporate VMV (Vision, Mission and Values), the role and responsibilities of the Council, its structure, the respective roles and responsibilities of Council Committees, authority in

various decision-making areas for each level of managers, the Music Director and Executive Director, Council Committees and the Council, and the system of declaration of interests. This set of principles and guidelines was designed in compliance with good corporate governance principles and is kept under review to follow the pace of development in best corporate practices.

Acknowledgements

I would like to gratefully acknowledge all audiences, the Government, sponsors, donors, business associates, Music Advisors and all other supporters for their significant support of the Company. I convey sincere appreciation to all staff members, particularly the Music Director and the Executive Director, and last but not least my colleagues on the Council for their dedication. The Company looks forward to another year of realization and improvement.



Carl Ye W. L. Tsui
Chairman
27 June 2002

引言

很高興能以香港中樂團有限公司理事會主席身份，發表本公司第一份年報。作為專業樂團，財政又來自政府資助、音樂會票房收入、公眾捐獻、商業贊助，本公司致力履行對香港公眾的責任。

理事會的董事職能是向公司權益持有人，包括全港市民負責。本公司年報力求達致高透明度和資訊披露，這是任何追求卓越管治的公司所應為。

本年報涵蓋了由2001年4月1日至今日的活動一覽和精華摘要，以及截至2002年3月31日的財務報表和核數師報告。3月31日為本公司每年財政年度的終結日。

名譽贊助人

在期內大事中，最令樂團鼓舞的首項喜訊是承蒙香港特別行政區行政長官董建華先生應邀擔任本公司名譽贊助人。此乃本公司極大榮耀。

理事會成員

2001-2002 年度理事會成員包括：-

主席	徐尉玲太平紳士
副主席	黃明儀女士
副主席	范錦平太平紳士
義務秘書	陳永華教授(太平紳士)
義務司庫	唐家成先生
理事	歐陽贊邦先生 (政府委任)
	趙麗娟女士 (政府委任)
	賴顯榮律師 (政府委任)
	黃天祐先生

理事會會議出席人士包括：-

- 上述各理事(具表決權)：
- 康文署人士兩名(獲邀定期出席)：
 - 廖昭薰女士
總經理(藝團聯絡、藝術節及娛樂節目)
 - 彭露薇女士
高級經理(藝團聯絡)
- 本公司總監(定期出席)：
 - 音樂總監 閻惠昌先生
 - 行政總監 錢敏華女士

- 其他各部門經理亦在理事會認為合適時應邀出席會議，討論及匯報特定議題。

理事會工作方針

公司化的目標

理事會充份意識到政府將其營運單位公司化的政策，目的是要提高該等單位的問責性和透明度，並確保資源運用得更有效。香港中樂團公司化的目標由康文署訂定如下：-

- 讓樂團能追求其藝術理想方面擁有更大的空間。
- 讓樂團在行政方面更靈活。
- 讓樂團能夠吸納更多社會各界人士的支持和參與。

理事會的共識

按上列目標，理事會在工作方向方面達成下列共識：-

- 引領本公司轉型成市場為本的公司，為公眾提供卓越中樂藝術。
- 擴闊收入來源，包括設法增加門票銷量和贊助額。
- 建立公司管治制度，以完成上述兩個方向所衍生的工作。

首項任務

為配合上述工作方向，理事會自定首項任務是要檢視下列37個範疇的工作方針，並制訂相應的政策規條：-

1. 利益申報機制。
2. 理事會職能：策略性計劃、問責性、訊息披露、公司日常運作的監管、建立信念和訂定業績目標、避免利益衝突、理事會工作的自我評核。

3. 遠見、使命、信念 – 透過工作坊訂定。
 4. 邀請名譽贊助人。
 5. 藝術方向：長期、中期、即時計劃。
 6. 樂季節目(2001年9月至2002年8月)。
 7. 委約作品的版權及應用。
 8. 音樂會以外的收入來源：唱片、刊物、紀念品。
 9. 市場及競爭形勢分析。
 10. 市場策略：公司形象、音樂會包裝與推廣、觀眾層的拓展。
 11. 票價訂定，慈善演出的安排。
 12. 與商界關係及商業贊助。
 13. 釐定接受捐獻計劃和成立發展基金。
 14. 籌款策略及活動。
 15. 與傳媒、樂評界、音樂同業等界別的關係。
 16. 慶祝成立二十五周年計劃。
 17. 外展推廣活動。
 18. 外地演出。
 19. 與其他藝團合作。
 20. 危機管理。
 21. 人力資源發展、培訓、傳承計劃。
 22. 訂定各級員工職責範圍。
 23. 公司內部關係。
 24. 公司文化。
 25. 為樂師及行政部門而設的工作表現評核制度。
 26. 辦公室規條。
 27. 委任核數師。
 28. 會計制度。
 29. 2001-2002年度及2002-2003年度財政預算。
 30. 應用資訊科技規條。
 31. 資訊管理與常規報告。
 32. 給政府的定期報告。
 33. 年報。
 34. 風險管理。
 35. 各類合約條款。
 36. 社會責任及道德標準：廉政，平等機會，保護個人資料，環保，知識產權。
 37. 理事會下設委員會架構。
- 以上各項均列入本公司成立首15個月以來的理事會議程上。議題逼切者已得理事會詳細商議，並制訂相應政策，其他事項則已作初步討論。然而，上述事項仍會繼續受到密切監督，並會隨時修訂。

理事會文化

理事會作風民主，出席人士積極參與、踴躍發言，理事們各盡董事受信責任，就議題反覆商議達成共識，並作出最有利本公司的決定。主席在參考各理事及兩位總監的建議後，制訂會議議程，並主持了期內所有理事會會議。兩位總監亦向理事會作出報告，以便討論。理事會成員積極從不同角度分析，由主席最後概括結論，求取共識，如有需要，主席會就某一特定事項進行表決，總之要確保理事會決策過程，能透過充份理解和考慮

的程序完成。在承擔整體及最終公司管治責任方面，理事會專注設定策略方向和制訂政策，以最大空間，鼓勵兩位總監以及其有關部門，發揮創意，以進行策劃、推行、管理、營運的工作。

公司管治原則及指引

總結首13個月領導本公司的經驗，理事會制訂了一套「公司管治原則及指引」，當中列明本公司的VMIV(即遠見、使命、信念)、理事會職能及責任、理事會內部架構、理事會轄下各委員會相關職能及責任、各級管理人員、音樂總監、行政總監、理事會轄下委員會、理事會在各決策範圍的職權、利益申報機制。這套原則及指引的設計務求符合優秀公司管治原則。理事會將會繼續檢討這套指引，以緊貼優秀公司管治實務的發展步伐。

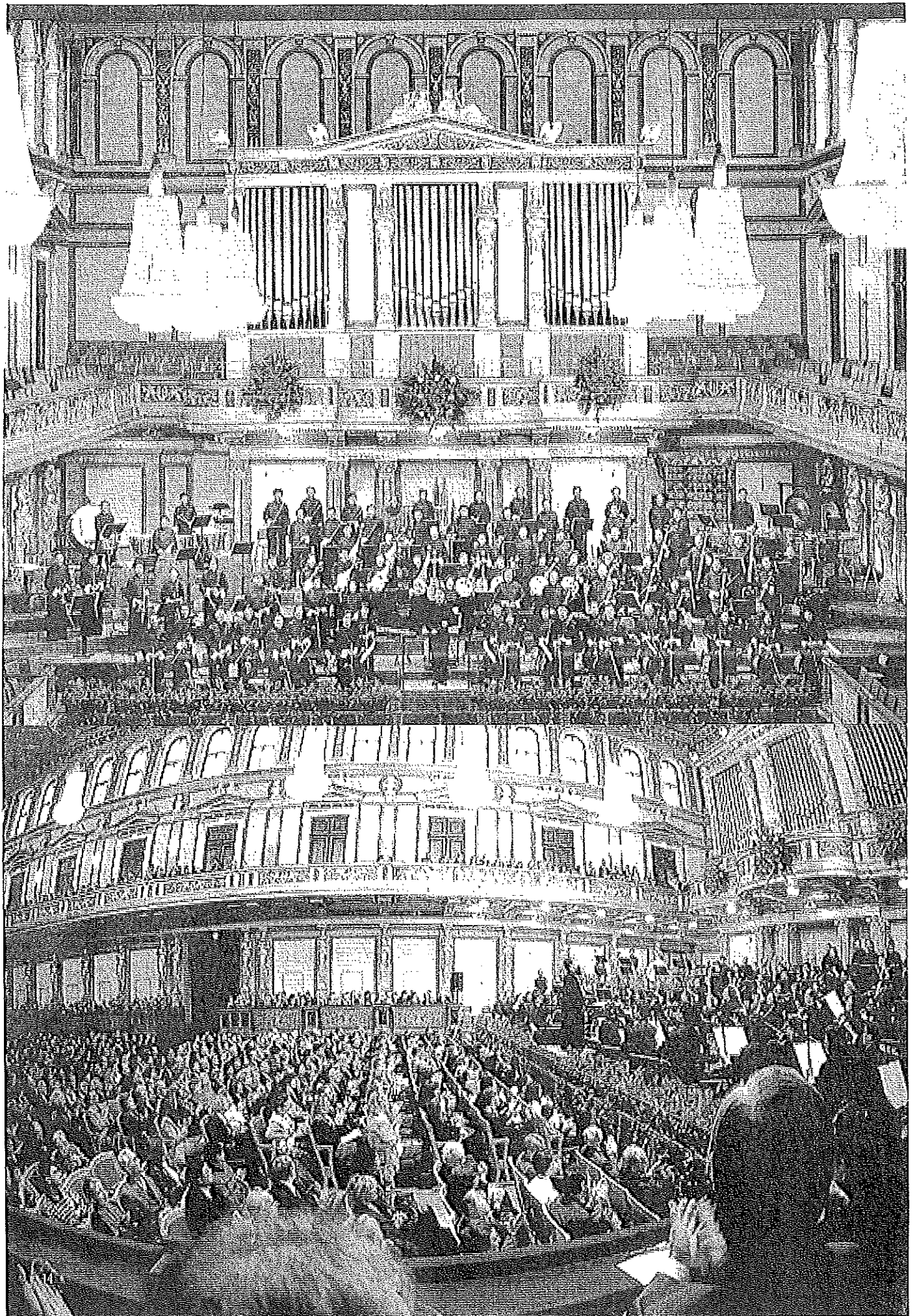
鳴謝

我謹感謝我們所有觀眾、政府、所有贊助人、捐款人、業務夥伴、音樂顧問、各界人士，大力支持。全體職員，特別是音樂總監和行政總監，還有理事會同事們，為本公司鞠躬盡瘁，我謹向他們致以衷心謝意。展望來年，本公司將繼續實現理想，業務更上層樓。

徐樹玲
主席



2002年6月27日



CORPORATE GOVERNANCE

REPORT 公司管治報告

Vision, Mission and Values

Three intensive workshops were organized by the Council to develop the Company's VMV (Vision, Mission and Values), with participation by the regular attendees of the Council and senior executives. Many drafts were reviewed before arriving at a final version. In the final stage, the drafted version was presented by the Chairman to the staff at large and circulated for comments and further input. Both vision and mission are included in the following concise and precise statement:

Hong Kong Chinese Orchestra is united
In its commitment to offering excellence in Chinese music.
With a contemporary momentum and a professional spirit,
we aim to strive for the peak in music and
attain the status of a world-class orchestra
that is the pride of Hong Kong people.

In accordance with the above Vision and Mission Statement, the Company set its core values as follows:-

Regarding Social Responsibilities

1. We aim to enhance the quality of life of our audiences by presenting music programmes that are well-balanced, diversified and contemporary.
2. We advocate a harmonious society and a peaceful world using music as a universal language and a communication facilitator between east and west.
3. We uphold people's right to enjoyment of music and aim to satisfy emotional and spiritual needs.
4. We embrace societal development and interpret metropolitan life with symphonic Chinese music and modern music works.
5. We reciprocate the support and encouragement of the community by offering audiences rich and superbly performed programmes and delivering pleasant and varied surprises.

Regarding the Promotion of Chinese Culture and Sustained Development of Chinese Music

6. We exalt the long established Chinese culture and preserve the excellent tradition of ethnic music with diverse research and development of the art.

7. We encourage creativity, provide an environment conducive to original works and widely commission various types of new works, in order to enrich our collection of Chinese orchestral music with new techniques and styles.
8. We promote appreciation of Chinese music and, with effective marketing strategies, aim to penetrate various strata of our society.
9. We cultivate an interest in Chinese music among the younger generation through a continually enhanced outreach promotion programme and educational activities that target young people and children.
10. We nurture Chinese orchestral musicians by assisting talented novices with good potential to organize Chinese music groups and by offering them opportunities for co-operation and involvement in performances.
11. We work towards accomplishing multi-faceted artistic excellence through co-operating with other performing arts groups and through participating in cross-media and cross-sector exchanges.

Regarding External Exchanges

12. In addition to staging regular local concerts, we actively look for opportunities to perform outside Hong Kong, in order to continually expand our international audience base.

13. We continually develop our world networks and international friendships, projecting Hong Kong's World City image through the promotion of a first-class orchestra.
14. We promote Mainland-Hong Kong relations through using Chinese music as a common language to enhance communications with the people of the Mainland.
15. We aim to assist in synchronizing the international sector of Chinese orchestras and to develop interactive communications with world-class orchestras.
16. We strive to advance the Orchestra's international status, aiming to secure recognition by the international music field as a world-class orchestra.

Regarding Corporate Governance and Management Philosophy

17. In our business objectives, we are dedicated to ensuring financial soundness and to enhancing business results, through the practices of good corporate governance, high-quality management and strong business ethics. We strategically establish our corporate vision and plans, develop human resources and properly utilize public funds.
18. We are in constant search for excellence and higher individual and group work performance. We encourage all Company members to pursue continuing professional development; we



facilitate musicians, administrative staff and technical staff to realize their potential. We work to further strengthen co-operation, in order to serve our audiences with the best professional spirit and artistic qualities.

19. We continually develop a corporate culture for united efforts via open, liberal and mutually respectful communication channels throughout the Company.
20. We promote a good corporate and personal image. We encourage every Company member to assume an ambassadorial role for the Company so as to project the image of high standards, passion for work and liveliness. We aim to attract greater audience support, more renowned guest musicians and larger amounts of community sponsorship in order to enhance the social status of the Orchestra.

Council Structure and Participation

Structure

Since inception, the Council has met in a pattern of convening the whole Council in session at an average of once a month. In August 2001, the Council established the following three Committees in order to focus on major areas with in-depth deliberation:-

Committee and Composition (Chairman)		Scope of Work
Finance and Audit Committee:- Mr Carlson Tong* Ms Chiu Lai-kuen Susanna Ms Carlye W L Tsui Mr Wong Tin-yau Kelvin		Financial performance, budgetary control, accounting policies and internal control.
Human Resources Committee:- Mr Davie T P Au-yeung* Mr John K P Fan Ms Carlye W L Tsui Mr Carlson Tong Ms Barbara Fei Mr Lai Hin-wing Henry		Policies and monitoring: organization, recruitment, development, performance evaluation and remuneration.
Marketing Committee:- Mr Wong Tin-yau Kelvin* Prof Chan Wing-wah Ms Carlye W L Tsui Mr Davie T P Au-yeung Ms Barbara Fei Ms Chiu Lai-kuen Susanna Mr John K P Fan		Strategies and monitoring: marketing, sales and fund-raising.

The Council and the Committees met in the following general pattern:-

- Monthly : Council.
- Even months : Finance and Audit Committee.
- Odd months : Human Resources Committee, Marketing Committee.

Participation

Council Members' participation is summarized in the following tables:-

Meeting Statistics				
March 2001-June 2002	No. of Meetings	Average Duration per Meeting	Average Attendance of Council Members	
			%	No.
Council Meetings in session	16	3 hrs	78	7
Council Meetings by circulation	4	N/A	100	9
Finance and Audit Committee	4	2 hrs	94	4
Human Resources Committee	4	2 hrs	71	4
Marketing Committee	3	3 hrs	74	6
Council Workshops (VMV, Retreat)	4	4 hrs	100	9
Public Concerts	23	2 hrs	41	4
Managerial Workshops Inviting Council Members (optional)	7	4 hrs	21	2

Council Members' Attendance Records			
	Number of Meetings Note (1)	Attended	Attendance %
Ms Carlye W L Tsui	31	31	100
Ms Barbara Fei	27	20	76
Mr John K P Fan	26	18	70
Prof Chan Wing-wah	23	16	70
Mr Carlson Tong	28	20	72
Mr Davie T P Au-yeung	26	24	93
Ms Chiu Lai-kuen Susanna	26	22	85
Mr Lai Hin-wing Henry	23	20	87
Mr Wong Tin-yau Kelvin	27	22	82



Notes:-

- (1) Number of meetings includes Council Meetings in session, respective Committee Meetings and Council Workshops.
- (2) The Council wishes to acknowledge the special contribution of time by Ms Carlye W L Tsui, Mr Carlson Tong, Mr Davie T P Au-yeung and Mr Wong Tin-yau Kelvin in their roles of respective Council/Committee Chairmen, and by Mr Lai Hin-wing Henry in rendering legal advice, in addition to their attendance at formal meeting sessions.
- (3) Council Members who cannot attend Council/Committee meetings are in the practice of forwarding input and comments prior to the meeting, either orally or in written form, via the Chairman of Council/ respective Committee or the Executive Director, to assist in facilitating review of various perspectives at meetings.

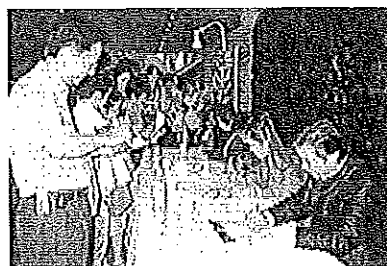
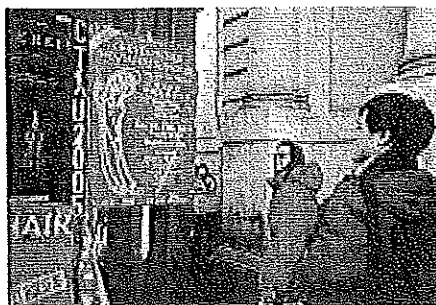
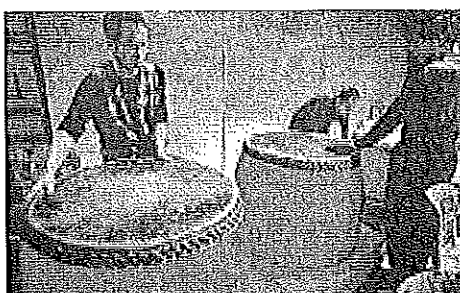
Highlights of Work of the Company

Programmes in the period under review (1 April 2001 - 27 June 2002):

Programmes	No. of Sets of Concerts		No. of Performance Sessions		Audience Figure
Regular concerts					
Full-scale concerts	17		34		24,593
Ensemble	6		10		3,365
Sub-total		23		44	27,958
Special commissioned concerts					
Full-scale concerts	3		3		10,673
Ensemble	2		2		1,350
Sub-total		5		5	11,923
Tour concerts (full-scale)		2		4	4,715
Total public concerts		30		53	44,596
Local outreach concerts (ensemble)		51		65	31,805
TOTAL CONCERTS		81		118	76,401
Recorded albums					Quantities
CD	2		2		2 x 2,000
VCD	1		1		4,000

Apart from fulfilling committed targets in quantity as defined in the Funding and Services Agreement, the Company has produced high-quality and diversified programmes for enjoyment by the public and families as well as music connoisseurs.

International Performances: We are pleased to have made two overseas concert tours in the period under review. The first one, presented by Wu Promotion and sponsored by the Hong Kong Jockey Club Charities Trust, took the Orchestra to perform at the world-renowned venue of Goldenersaal in Austria's music capital Vienna, followed by German venues in Deggendorf and Munich on 10, 13 and 14 February 2002 respectively in three sessions entitled *The Year of the Horse Spring Festival Concert*. The second tour was presented by the Economic and Trade Office of the Government of the Hong Kong SAR in Washington DC, USA on 1 May 2002 in a concert entitled *Musical Radiance from Hong Kong - Pearl of the East 2002*. All these overseas concerts were attended by respective local and international celebrities, including leaders among diplomats, local governments, politicians, cultural



experts, business communities and academia. We are grateful for the appreciation shown by rigorous applauses and in some cases standing ovations - a strong encouragement driving the Orchestra's stamina to continue working towards our goals.

Community Integration and Support

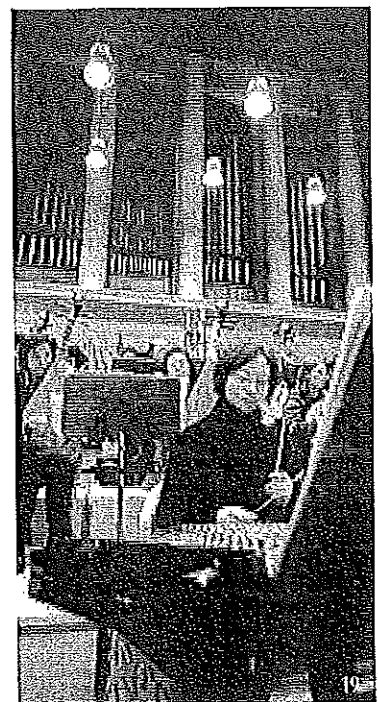
The Company was very pleased to obtain major sponsorship and support from the community and business sector, including sponsorship of the Europe Tour by the Hong Kong Jockey Club Charities Trust, sponsorship by Blanc de Chine with designer's stylish costumes for the Music Director and all musicians, title sponsorship of a concert by Standard Chartered Bank and commissioning of concerts by Hong Kong Government, the XIV General Meeting of the Pacific Economic Co-operation Council held in Hong Kong and the Wan Chai District Council. In addition, a

donor recognition scheme has been set up for the Company's Development Fund, which is being proposed to the Government, for the purpose of financing activities not covered by the Government subsidy, e.g. overseas concert tours, education and development programmes, etc. We have received good support and will continue to do our utmost to attract further donations.

Corporate Culture

After defining strategies and policies in various areas and directing the two Principal Executives and their managerial teams to develop plans, rules and guidelines for implementation, the Council proceeded to lead the development of corporate culture. Corporate culture is defined as the sharing of a common set of values and work directions by all employees within a company. The first major thrust of the Council was to support the two Principal Executives in orientating

and motivating their Section Leaders and Managers in mutual understanding of the Company's VMV and team spirit and in assuming a managerial role to assist the two Principal Executives. Towards this end, a Retreat was held over an entire morning on Saturday 1 June 2002. Attendees included the Music Director, Executive Director, Assistant Conductors, Concertmaster, Section Leaders, Principals, Assistant Principals, Managers and Officers. Council Members took turns to give brief presentations on the objectives of such a forum, VMV, SWOT (strengths, weaknesses, opportunities and threats) analysis, team spirit, concert markets and programmes, marketing and promotion, professionalism and self-improvement. Attendees participated in small-group discussions and shared their views with the entire group. The response to this first communication forum was very positive.



Staff Training

Following the Retreat, a series of Added-Value Training Sessions were organized in June with the aim of development for all staff. Specialists and Council Members were invited to talk on team building, corporate image, personal image, professionalism and self-improvement. Again, the training sessions met with favourable response.

The Way Forward

We have completed one year and laid the groundwork of steering the Company on the right track to accomplish its vision. Much has to be done in furthering the Company's mission and realizing the core values. The next areas of major thrust will be the expansion of marketing and promotion activities, increasing the audience base, continuing the raising of artistic standards and creativity in programmes and raising donations and sponsorships. Sustaining staff morale and initiatives as well as succession planning are of equal importance and will also be concentrated on. To further promote Chinese orchestral music among the younger generations, we are in the planning process of organizing a junior Chinese orchestra.



遠見、使命、信念

為訂立本公司的VMV (即遠見、使命、信念)，理事會舉辦了三個密襲式工作坊，供理事會及高級行政人員參加。在落實最終方案前，曾擬出了多份草案。主席亦向全體職員闡釋擬議版本，並傳閱及廣泛徵集職員意見及建議。

下列精要宣言，包含了本公司的遠見及使命：

香港中樂團齊心致力於奉獻卓越的中樂藝術，
緊貼時代脈搏，發揮專業精神，追求音樂至高境界，
成為香港人引以為榮的世界級樂團。

依據上述使命宣言，本公司的核心信念設定如下：-

在承擔社會責任方面

1. 歌頌生命，提高生活素質，以平衡、多元化、緊貼時代脈搏的音樂節目獻給觀眾。
2. 推崇和諧社會、世界和平，以音樂作為寰宇語言，溝通東西文化。
3. 維護人民享受音樂的權利，滿足心靈訴求，以音樂表達喜悅，撫慰煩憂、減低生活壓力。
4. 洞察社會發展，以交響性中樂及近代作品反映大都會生活形態。
5. 酬謝市民支持，回饋社會培育，以豐富節目及最佳演奏獻給觀眾、並以不同嘗試帶給他們驚喜。



在弘揚中國文化、持續發展中樂方面

6. 推崇歷史悠久的中國文化，保持民族音樂的優良傳統，以多方位研究及發展中國音樂藝術。
7. 鼓勵創新，提供有利創作環境，廣泛委約各種類型的新作品，務求以嶄新的技巧與形態，豐富中樂曲目。
8. 提高中樂欣賞能力，以積極市務策略滲透社會各層面。
9. 培養年輕一代對中國音樂的興趣及參與，加強外展推廣及教育活動，接觸青少年和兒童。
10. 培育中樂界接班人材，協助有潛質新秀組織中樂社群，並給予參與合作演奏機會。
11. 體現藝術瓊瑤，與其他演藝團體合作，參與跨媒體跨界別的交流。

在與外地交流方面

12. 除推出定期本地音樂會外，積極

爭取外地演出，不斷拓展國際觀眾層面。

13. 發展世界網絡及國際友誼，以一流樂團的水準，向外地投射香港的國際都會形象。
14. 推展中港關係，以中樂作為共通語言，加強與內地溝通。
15. 協同國際中樂界，與世界級樂團互動溝通。
16. 推進樂團的國際地位，以得到國際音樂界認可為世界級樂團的地位為目標。

在公司管治及管理理念方面

17. 確保財政健全，提升公司業績，推行優秀公司管治、優質管理、正確經營倫理信念，釐定遠見及策略性計劃，發展人力資源、善用公帑。
18. 精益求精，不斷提升個人及團體工作表現，鼓勵全體團員追求持續專業發展，發揮音樂家、行政

人員及技術人員的潛能，並強化合作，以最佳專業精神和藝術水準服務觀眾。

19. 發展同心同德的公司文化，以開放、開明、互相尊重的溝通管道貫徹樂團。
20. 推廣良好公司及個人形象，讓每一位團員樂於擔當樂團的大使任務，給予大眾高水準、熱誠投入、充滿活力的印象，以吸引更多觀眾支持、名家合作、社會贊助，並提升中樂團的社會地位。

理事會架構及參與**架構**

自成立以來，理事會平均每月召集全體理事面聚議事一次。2001年8月，理事會成立了下列三個委員會，以便深入集中討論幾個主要範疇：-



委員會(主席)	工作範圍
財務及審計委員會: 詹家成先生、趙麗娟女士 徐尉玲女士、黃天祐先生	財務表現、預算監控、會計政策、內部管制程序。
人力資源委員會: 區國賢先生、范錦平先生 徐尉玲女士、詹家成先生 黃明儀女士、賴顯榮律師	制訂政策及監察、組織、招聘、培訓、工作表現評估制度、薪酬。
市務委員會: 黃天祐先生、陳永華教授 徐尉玲女士、區國賢先生 黃明儀女士、趙麗娟女士 范錦平先生	制訂策略及監察：市務、售票、籌款。



理事會及理事會轄下各委員會會議以下列模式召開：

- 理事會會議：每月召開。
財務及審計委員會會議：雙數月份召開
人力資源委員會會議、市務委員會會議：單數月份召開。

理事參與率

理事出席會議情況概括於下列二表：

會議數據				
2001年3月 至 2002年6月	舉行 次數	每次會議 平均耗時	理事 出席人數平均數字	
			百分比(%)	人數
理事會會議 (全體及非議事)	16	3小時	78	7
理事會傳聞議事	4	不適用	100	9
財務及審計委員會會議	4	2小時	94	4
人力資源委員會會議	4	2小時	71	4
市務委員會會議	3	3小時	74	5
理事會工作坊 (VMV、與思會)	4	4小時	100	9
定期音樂會	23	2小時	41	4
邀請理事會成員出席的管理 工作坊 (自選參加)	7	4小時	21	2

理事出席會議記錄			
	會議次數 備註 (1)	出席次數	出席率
徐尉玲女士	31	31	100
黃明儀女士	27	20	76
范錦平先生	26	18	70
陳永華教授	23	16	70
詹家成先生	28	20	72
區國賢先生	26	24	93
趙麗娟女士	26	22	85
賴顯榮律師	23	20	87
黃天祐先生	27	22	82

備註：

- 右列會議次數只包括理事會會議 (全體及非議事) 次數、各成員所屬的理事會轄下委員會會議、理事會工作坊。
- 理事會邀請趙麗娟女士、詹家成先生、區國賢先生及黃天祐先生，擔任理事會或各所屬委員會主席，付出額外時間，而賴顯榮律師不單出席正式會議，更為本公司提供法律意見，理事會謹此向他們致謝。
- 理事會不能出席理事會或委員會會議，通常由秘書均以書面或口頭形式，把意見迅速轉達理事會或委員會主席或行政總監轉達，務求會議討論能納入多方位觀點。

公司業務摘要

回顧期內所辦活動 (2001 年 4 月 1 日至 2002 年 6 月 27 日)

項目	音樂會(套)		演出場次		觀眾人次	
定期音樂會						
大型音樂會	17		34		24,693	
小組音樂會	6		10		3,365	
小計		23		44		27,958
特別委約音樂會						
大型音樂會	3		3		10,573	
小組音樂會	2		2		1,350	
小計		5		5		11,923
外地演出音樂會 (大型)		2		4		4,715
公演音樂會總數		30		53		44,596
本地外展音樂會 (小組音樂會)		61		65		31,805
音樂會總數		81		118		76,401
製作影音碟片					數量	
雷射碟片	2		2		2 x 2,000	
雷射影碟	1		1		4,000	

除為完成「資助及服務合約」內既定數量要求外，本公司期內製作的節目既優質亦多元，令市民大眾、一家大小以至美樂樂迷均得到愉悅享受。

國際演出：在回顧期內，本公司欣然舉行外地演出音樂會共兩次。第一套由「吳氏策劃」籌劃，並得香港賽馬會慈善信託基金贊助，香港中樂團遠赴歐洲，首先在奧地利音樂之都維也納，於2002年2月10日，在舉世聞名的「金色大廳」演出；接著前赴德國，於同月13和14日，分別在德根道夫市和慕尼黑演出。三場音樂會名為《馬到成功春節音樂會》。第二次外地演出則由香港駐美國華盛頓經濟貿易辦事處舉辦，名為《散發東方之珠之香港音樂魅力2002》，於同年5月1日在華盛頓舉行。所有這些海外演出的音樂會，出席者包括當地及世界知名人士計有來自外交界、當地政府、政界、文化界、商界及學術界領袖級人士。觀眾鼓掌如雷，時而起立喝采，我們感激幸甚。這些讚賞給樂團帶來極大鼓舞，將推動樂團持之以恆，不斷向目標奮進。

融入社會及各界支持：本公司很高興得到社會及商界大力支持及贊助，包括香港賽馬會慈善信託基金贊助歐洲巡迴演出音樂會；「源」(Blanc de Chine)則贊助音樂總監及全體樂師別緻的服裝。此外，渣打銀行贊助了一場音樂會，而香港政府、太平洋經濟合作議會在香港舉行的第十四屆大會、灣仔區議會亦邀請樂團演出。另外，本公司亦釐定接受捐獻計劃，向政府建議設立「發展基金」，籌得資金，將用於舉辦政府資助以外的項目，例如外地演出、教育及節目發展等等。得到各界人士支持，樂團定必繼續努力，竭盡所能，並期吸引更多贊助。

公司文化：在釐定不同範疇的策略和政策規條、導引兩位總監及其轄下行政

部門制訂推行計劃、規則、指引後，理事會便開始著手培育公司文化。公司文化的定義是公司全體僱員均持共同工作信念和方向。理事會培育公司文化的首項要點是，支持兩位總監引導其轄下的聲部長和經理，鼓勵他們充份掌握本公司的VMV(遠見、使命、信念)、發揮團隊精神，並協助兩位總監履行管理職能。為此，理事會於2002年6月1日(星期六)舉行集思會，為時整個上午。音樂總監、行政總監、助理指揮、團長、聲部長、首席、助理首席、經理、主任均有出席。所有理事均就不同的主題向出席者講解，論題包括樂團的VMV、SWOT(優勢、弱勢、契機、危機)分析、團隊精神、音樂會市場與節目、市務拓展、專業精神與自我提昇。期間又讓出席者分小組討論，繼而與大會分享見解。參加者對那首次舉行，以溝通為本的聚會，反應十分良好。

職員訓練：集思會後，公司於同年6月舉行了一系列「增值坊」，旨在培訓全體團員。應邀而來專家和理事會成員，講及如何建立團隊、公司形象、個人形象、專業精神和自我提昇。同樣，這些培訓環節得到十分熱烈的回應。

前瞻

一年過去，我們已奠下基礎，並已導引公司在實現遠見方面踏上正軌。然而，要進一步履行使命，實踐核心信念，要做的事很多。接下來我們主要的工作範疇是拓展市務及推廣活動，擴大觀眾層面，並繼續提升節目的藝術水準和創意，以及增加捐款額及贊助額。此外，我們亦要致力維持職員士氣和工作主動性以及計劃傳承。而為進一步向年輕一代推廣中樂，我們正計劃籌組附屬少年中樂團。

Scope of Government Audit in HKSAR – “Value for Money Audits”

Audit examination in Hong Kong was predominantly a “regularity” type audit before the enactment of the Audit Ordinance in December 1971. VFM was extended to cover organizations in receipt of government grants only in the mid-1970s.” (Audit Commission 2004-05, p.6) Regularity audit was designed primarily to assure that the accounts were correct. And VFM was initially focused on the examination of capital works contracts. This was because, by reason of the nature, size, escalation in costs, cancellation or curtailment, these projects might involve waste, extravagance or even fraud. Under the lead of Director of Audit, the external auditor of the Government, Audit Commission (known as Audit Department before 1 July 1997)¹ conducts VFM audit and regularity audit in Hong Kong each year to enhance governance, accountability and transparency in the public sector (Audit Commission 2004-05, p.2). While regularity audit is similar to financial audit in the private sector, which examines the financial propriety of the accounts of the Government and audited organizations, VFM audit aims to assess the Government’s internal control environment and recommend improvement measures on areas with potential significant risks to regularity, propriety and controls. VFM audit aims at making value-added recommendations to help the audited organizations to enhance their governance, accountability and cost-effectiveness. The study aims at helping to improve and learn lessons, and not just for the sake of raising criticisms. (Audit Commission 2010-11, p.1) With the expansion of the scope of government audit in Hong Kong to cover the management of public funds, a set of VFM Audit Guidelines was agreed in 1986 between the Director of Audit and the Government. Thereafter, when the English Colonia Government returned Hong Kong to the PRC government in 1997, a revised set of VFM Audit Guidelines which was mutually agreed between the Public Accounts Committee (PAC) and the Director of Audit was tabled in the Provisional Legislative Council by the Chairman of the PAC.

According to the Guidelines tabled in 1998, the term “audited organization” that was mutually agreed on among the Director of Audit, the Government and LegCo in Hong Kong are listed as follows:

¹Since 1 July 1997, Hong Kong has become a special administrative region of the People’s Republic of China. According to Article 58 of the Basic Law of the Hong Kong Special Administrative Region, a Commission of Audit shall be established in the Hong Kong Special Administrative Region (HKSAR). The former Audit Department was renamed the Audit Commission with effect from 1 July 1997.

1	Any person, body corporate or other body whose accounts the Director of Audit is empowered under any Ordinance to audit.
2	Any organization which received more than half its income from public moneys (this should not preclude the Director from carrying out similar examinations in any organization which receives less than half its income from public moneys by virtue of an agreement made as a condition of subvention)
3	Any organization the accounts and records of which the Director is authorized in writing by the Chief Executive to audit in the public interest under section 15 of the Audit Ordinance (Cap. 122)

Summary on Practice of VFM Audit in Hong Kong

A Short Summary

- Performs VFM audits on governmental officers or organizations funded by the government.
- Draft report is provided for audited organization to check facts, provide additional information, and respond to recommendations.
- The findings of these audits are communicated to the media and the public once they have been tabled in LegCo.
- Based on the audit reports, PAC will then arrange public hearings.
- Representatives from the Audit Office and senior public servants from the audited organizations are invited to make brief statements and answer questions at public hearings.
- At the conclusion of such hearings, the committee will table a report that includes recommendations to the government. Opportunities will be given to relevant government organizations to give response to the findings, and implement recommended changes.

(a) Report Procedure

Before Tabling

According to the VFM Audit Guidelines presented in February 1998¹, the Director of Audit shall report his findings on VFM audits in LegCo twice each year. The first report shall be submitted to the President of LegCo within seven months of the end of the financial year. Within one month, copies of the report shall be laid before LegCo. The second report shall be submitted to the President of LegCo by the 7th of April each year. By the 30th of April, copies of the report shall be laid before LegCo. Before submitting the report to LegCo, Director of Audit will normally send a copy of the draft report to the relevant audited organization, and their Directors of Bureau for comments. Comments from the audited organization and relevant Director of Bureau will then be included into the Audit Report. Until the VFM report is tabled in LegCo, these draft reports covering individual issues under investigation are confidential, and their circulation should be restricted on a need-to-know basis.

¹In February 1998, a paper ("Scope of Government Audit in the Hong Kong Special Administrative Region – 'Value for Money Audits'") was presented to the Provisional Legislative Council by the Chairman of the PAC. This paper covered the scope of work, guidelines and procedures for VFM audits. This new set of VFM Audit Guidelines was agreed between the PAC and the Director of Audit and accepted by the Government of the HKSAR.

On Tabling Date

Upon tabling in LegCo, the PAC will decide on the particular issue for further and detailed examination. If required by PAC, Controlling Officers of the audited organization and the Director of Bureau concerned will be invited to give their explanation to PAC at public hearing session.

After Tabling and Public Hearings

The PAC will conduct public hearings on the issues it has selected for detailed examination. To comply with the LegCo's Rules of Procedure, the PAC will usually allow at least five clear days' notice in advance to the invited officials. During the period between the tabling of the report in LegCo and the public hearings, it is mutually agreed that any public debate on the issues to be further investigated should be avoided by both sides as far as possible, such that the PAC can carry out public hearings smoothly and in a fair manner. Although audited organization or Director of Bureau concern may respond to media enquiries, they are not allowed to initiate any publicity to oppose to Audit findings. The PAC shall then follow the rules governing the procedures of LegCo in considering the Director's reports. A minute containing the Government's response to the PAC's report will then be prepared, namely as The Government Minute. In response to PAC's conclusions and recommendations, the minute will indicate what action the Government proposes to take to rectify any irregularities or explains why it does not intend to take action. The minute should be prepared and laid on the table of LegCo within three months of the laying of the PAC's report to which it relates. On matters outstanding in the previous Government Minutes, an annual progress report will be submitted to PAC in September each year.

(b) Scope of Authority

In Hong Kong, according to Audit Ordinance (Cap.122) enacted in December 1971, wide power was conferred on the Director of Audit in carrying out his statutory duties. Director of Audit has side powers of access to the records of departments and can request any public officer to give an explanation and to furnish such information as he thinks fit to enable him to discharge his duties. In the performance of his duties and the exercise of his powers under the Ordinance, the Director works independently and is not subject to the direction or control of any other person or authority. Due to its independent role and special power given, Audit Offices are armed with an authority to scrutinize other public bodies and seems to have a superior authority than the others ([http://en.wikipedia.org/wiki/National_Audit_Office_\(United_Kingdom\)](http://en.wikipedia.org/wiki/National_Audit_Office_(United_Kingdom)) accessed on 8/6/2013).

Although Audit Office has super power in calling information from audited organization, it is important to note that VFM audit may comment on policy implementation, it does not comment or question on the merits of the policy itself. In other words, Audit Office has the authority to comment or make recommendation, the ultimate decision to the keep or revise the policy remains on the audited organization or Director of Bureau concern. This ethos and practice is widely embraced in many countries like Canada, the USA, Australia and the United Kingdom as well as Hong Kong.

Same practice as the Office of the Auditor General of Canada, VFM reports in Hong Kong are normally submitted twice a year, in the spring and fall. VFM audits in Hong Kong are performed by using a structured approach which comprises of three different stages. They are the planning stage, the investigation stage and the reporting stage. After performing VFM audit on governmental officers or organizations funded by the government, draft report is provided for audited organization to check facts, provide additional information, and respond to recommendations. Although audited organizations are given the opportunity to give response to the draft content, Director of Audit has the ultimate decision as to how they include the response into the report. The findings of these audits are communicated to the media and the public once they have been tabled for Legislatures. It is a critical moment to the audited organization if the media has misunderstood the content of the report. In parallel with the advance development of VFM audit in Canada. A media lock-up also takes place at the same time when the Auditor General gives senators a confidential preview of the report several hours before it is tabled in the House of Commons. Since reports are often complex and may deal with lots of different topics, the lock-up gives journalists time to understand the information in the report. Journalists receive the report at the beginning of the lock-up, and the Office ensures that auditors are present to answer their questions.

(c) Quality Assurance

Canada was the first country to adopt practice of VFM audit in public sectors. In addition to the media lock-up session to ensure thorough understanding of the report, implementation of quality assurance system in VFM audit is also another evolvement. In Canada, The Office of Auditor General maintains a system of quality control that applies to all annual audits, performance audits and special examinations. Office of Auditor General seeks assurance annually that their system of quality control is operating effectively and the results are communicated to the Office's management and to all staff. A milestone in the development of VFM auditing occurred in 1988

when professional standards of quality control for performance assurance apply specifically for VFM audits were introduced. Quality assurance of VFM audit in Canada is ensured in a two tiers manner in Canada. The first tier of performance assurance is done during the auditing process in the following manners:

(i) To ensure satisfaction that the subject matter is within the collective professional expertise of the VFM team, non-accounting specialists are engaged in VFM audits. The specialists are usually senior level expertise and have acquired a certain number of years of experience in the relevant field of the audited entities before joining the VFM audit team. In addition, there are also independent experts in the field to provide consultations. The experts associated with the engagement often set up an advisory committee. The committee helps direct the work, interpret the findings and evaluate the conclusions.

(ii) The auditor will ensure agreement on the objective of the audit with the entity's management and seek management's acknowledgement on its methods to analyze operations to assess their financial or other impact and identifies the risks facing the organizations. Since subsequent works will be based on the conclusions of the report. In addition to securing validation from the advisory committee, the Office also secure approval from the entity's management after thorough discussion on the content.

(iii) To ensure high performance quality of VFM, the procedures are modified and set up in a customized manner such that sufficient appropriate evidence could be obtained. Not only will the audit program take investigation into the financial information, procedures will also focus on analyzing management practices, operational data and on benchmarking with similar entities.

(iv) Auditors are also free to choose the form for their conclusion in reporting standards. They may state their conclusions in the form of observed deficiencies or state the conclusions in the form of an opinion on the subject matter of the audit.

In addition to the above quality assurance, Practice Review Report for VFM Audit was also conducted periodically by the Professional Practices Group in accordance with the Audit and Practice Review Policy in Canada, The Review provides the Auditor General with assurance that the Office's Quality Management System (QMS) for its VFM audit practice is suitably designed and effectively applied to meet legislative requirements, professional standards and Office policies. In other words, the audit team who conducted VFM audit is also subjected to 'audit' by an individual party. To ensure the quality of its audit work in a variety of ways, Office of the

Auditor General of Canada produces and requests a variety of accountability reports to gauge the success of these efforts. Means by which federal institutions account for their administration of these Acts.

Although the NAO in the United Kingdom also subjected to scrutiny, people criticized “the scrutiny that NAO subjected to is not fully transparent. Although the VFM reports made by NAO are subject to external review both before and after publication by teams of academics from Oxford University and the London School of Economic. These reviews including the methods, findings and conclusions of the reports are not made public”. ([http://en.wikipedia.org/wiki/National_Audit_Office_\(United_Kingdom\)](http://en.wikipedia.org/wiki/National_Audit_Office_(United_Kingdom))) accessed on 8/6/2013.

Nevertheless, there is no quality assurance measure on the VFM study in Hong Kong. Neither including consultants from the audited industry to give professional opinion nor provide a report for professionals to comment. And this is what the people the Hong Kong criticized on.

Ireland and the United Kingdom also paid attention to evaluate performance of the audited body and provide relevant, meaningful and constructive recommendations,. NAO has recently adopted a wide range of market-research techniques such as focus groups, customer-interviews, expert panels, commissioned research, longitudinal studies. To assure quality of the work of NAO, PAC receives VFM reports on the operation of the NAO. VFM reports on NAO are written by private sector audit firms in the manner similar to those reported by NAO on Central Government. (retrieved on June 8, 2013 [http://en.wikipedia.org/wiki/National_Audit_Office_\(United_Kingdom\)](http://en.wikipedia.org/wiki/National_Audit_Office_(United_Kingdom))).

In regards of the report content, while most of the audited organization opined that the VFM report does not reveal the underlying principals of their decision to the general public, public in the United Kingdom criticized that the reports made by NAO are neutral and cautions in the way it was written. Since drafts are shared with the department(s) about which they are written, facts are agreed between NAO and the departments, the hearing of PAC will be pointless if the departmental witnesses are able to disagree with the findings before the draft is finalized. And if the information is too political in some extreme cases, the report will never be made public.

(retrieved on June 8, 2013 [http://en.wikipedia.org/wiki/National_Audit_Office_\(United_Kingdom\)](http://en.wikipedia.org/wiki/National_Audit_Office_(United_Kingdom))).

Appendix XIV

Letter from the Audit Commission to HKCO on about conducting the VFM study



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本署收 貴署來電 (1) in UI/HAB/VFM/2

敬覆 貴署來電 Your Ref. 1

30 September 2009

Miss Ceina CHIN
Executive Director
Hong Kong Chinese Orchestra
7/F, Sheng Wai Municipal Services Building
345 Queen's Road Central
Hong Kong

(Fax No.: 2850 5374)

Dear Miss Chin,

Value for money audit:
Hong Kong Chinese Orchestra (HKCO)

Thank you very much for attending the meeting (HKCO/Home Affairs Bureau/Audit Commission) on 24 September 2009.

As discussed, the Audit Commission is going to conduct a value for money (VFM) audit on the HKCO. The scope of the audit includes an examination of the HKCO's:

- (a) corporate governance and strategic planning;
- (b) day-to-day administration (covering matters such as financial management and human resource management); and
- (c) implementation of the HKCO's projects.

We aim to commence the audit in October and produce a draft audit report for consultation with the HKCO in January 2010. An audit team led by Mr Anthony SUEN (Senior Auditor) will visit the HKCO and the Home Affairs Bureau for conducting field work.

公共審計 盡力盡善 Excellence in Public Auditing

I would like to draw your attention to:

- (a) the need to engage the Council of the HKCO in the consideration of the observations and recommendations contained in the draft report on the VFM audit of the HKCO, and to seek the Council's endorsement of the HKCO's response to the draft audit report; and
- (b) the agreed arrangements between the Public Accounts Committee (PAC) of the Legislative Council (LegCo) and the Administration in upholding confidentiality of VFM audit reports. You are kindly requested to take necessary action to ensure that the HKCO, its Council, Committees and staff who are involved in the VFM audit or have access to the VFM audit report (either in draft form or in final version), are made aware of the following requirements and abide by them:
 - (i) *Confidentiality of audit investigation and audit report before tabling.* Until a VFM audit report is tabled in LegCo, it is confidential and its circulation should be restricted on a need-to-know basis. Under no circumstances should the HKCO, its Council, Committees and staff disclose in public the issues covered in the draft audit report. Even if they are tackled by the media, they should refrain from speaking or confirming the audit issues; and
 - (ii) *Need to avoid public debate after tabling and before public hearing.* During the period between the tabling of the VFM audit report in LegCo and the public hearings by the PAC, any public debate on the audit issues covered in the VFM audit report should be avoided as far as possible. This will ensure that the PAC can carry out public hearings smoothly and in a fair manner. To this end, the HKCO, its Council, Committees and staff should refrain from hithling any publicity to counter the audit findings. They may however respond to media inquiries.

Thank you once again for your kind assistance. Should you have any questions, please do not hesitate to contact.

Yours sincerely,

for Director of Audit

Chapter Six of Audit Report No. 54, VFM Audit on HKCO

CHAPTER 6

Home Affairs Bureau

Hong Kong Chinese Orchestra Limited

**Audit Commission
Hong Kong
29 March 2010**

This audit review was carried out under a set of guidelines tabled in the Provisional Legislative Council by the Chairman of the Public Accounts Committee on 11 February 1998. The guidelines were agreed between the Public Accounts Committee and the Director of Audit and accepted by the Government of the Hong Kong Special Administrative Region.

Report No. 54 of the Director of Audit contains 8 Chapters which are available on our website at <http://www.aud.gov.hk>.

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HONG KONG CHINESE ORCHESTRA LIMITED

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PART 1: INTRODUCTION

1.1 This PART describes the background to the audit and outlines the audit objectives and scope.

Background

1.2 The objective of the Government's cultural policy is to create an environment conducive to artistic expression and creation, and the wider participation in cultural activities. To support this policy objective, the Government provides funding to local performing arts groups so that they can develop quality performing arts programmes at affordable prices for the public.

Hong Kong Chinese Orchestra Limited

1.3 The Hong Kong Chinese Orchestra was founded in 1977 by the then Urban Council. Upon the dissolution of the Provisional Urban Council in January 2000, the Leisure and Cultural Services Department (LCSD) became responsible for funding and managing the orchestra.

1.4 In February 2001, with a view to allowing the orchestra to have greater autonomy in its artistic vision, more administrative flexibility, and more community involvement and support, the Government formed the Hong Kong Chinese Orchestra Limited (HKCO), a company limited by guarantee. In April 2001, the company officially took over the governance and management of the orchestra from the LCSD, but continued to receive funding support from the LCSD.

1.5 With effect from 1 April 2007, the Home Affairs Bureau (HAB) took over the funding responsibility for the HKCO and other major performing arts groups (pursuant to the recommendations in the 2006 report of the Committee on Performing Arts — Note 1) to put them on the same platform for consideration of funding support.

1.6 *Funding and Services Agreement.* To ensure proper administration of the HKCO and that public money is used properly and cost-effectively, and without micro-managing it on a day-to-day basis, the HAB enters into a Funding and Services Agreement (FSA) with the HKCO on an annual basis. The FSA has set out a number of requirements for the HKCO to follow, including:

- (a) implementing the committed level of activities using all experience, skill, care and diligence as may be expected from a person who is an expert in providing similar activities;
- (b) adopting proper internal controls and ensuring value for money in using the subvention;
- (c) submitting to the Government, after the end of a financial year:
 - (i) a self-evaluation and assessment report and a year-end report (collectively termed "Self-evaluation Report") (by 30 June);
 - (ii) audited financial statements of the company and an audited financial report of subvented activities (by 30 September); and
 - (iii) an annual report (by 31 October); and
- (d) charging full costs for services provided on a self-financing basis to other organisations, and ensuring that there is no cross-subsidisation of self-financing activities by subvented activities.

The HAB's representatives attend the HKCO Council meetings as observers and receive full sets of Council papers and minutes.

Note 1: *The Committee on Performing Arts was set up in 2004 to advise the Secretary for Home Affairs on performing arts services. The Committee includes non-official members from diverse backgrounds and ex-officio representatives from the Hong Kong Arts Development Council and the Hong Kong Academy for Performing Arts. The Committee issued a report in June 2006 proposing changes in the areas of funding mechanism, programme presentation and venue provision.*

1.7 *HKCO's structure.* The Council of the HKCO is its governing body. The Council is supported by four committees. There are two principal executives, i.e. the Artistic Director (AD) and the Executive Director (ED). The AD is the head of the artistic department and also the principal conductor of the orchestra. The ED is the head of the administration department. An organisation chart of the HKCO is at Appendix A.

1.8 *HKCO's activities.* The HKCO's major activities are providing music programmes and outreach community activities. For each orchestral season (from September to August of the next year), the HKCO presents a variety of concerts. Outreach community activities are mainly performances and workshops held in schools and other venues for the promotion and education of Chinese music.

1.9 *HKCO's income and expenditure.* The HKCO is mainly funded by subvention from the Government. In 2008-09, the total income (Note 2) of the HKCO was \$64.5 million, of which \$53.1 million was government subvention (see Figure 1(A)). In the same year, the total expenditure (Note 2) was \$62.6 million, of which staff cost accounted for \$41.5 million (66% — see Figure 1(B)). For 2008-09, the HKCO had a cost recovery rate of 18% (Note 3). In other words, 82% of the HKCO expenditure was met by the Government.

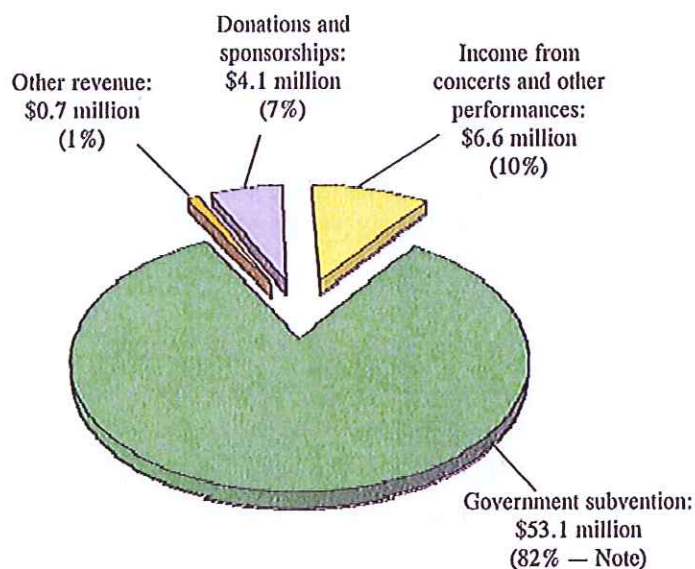
Note 2: *The total income and expenditure did not include those relating to activities outside the ambit of government subvention (e.g. HKCO's self-financing training courses).*

Note 3: *Cost recovery rate = \$11.4 million (income other than subvention) ÷ \$62.6 million (total expenditure) × 100%.*

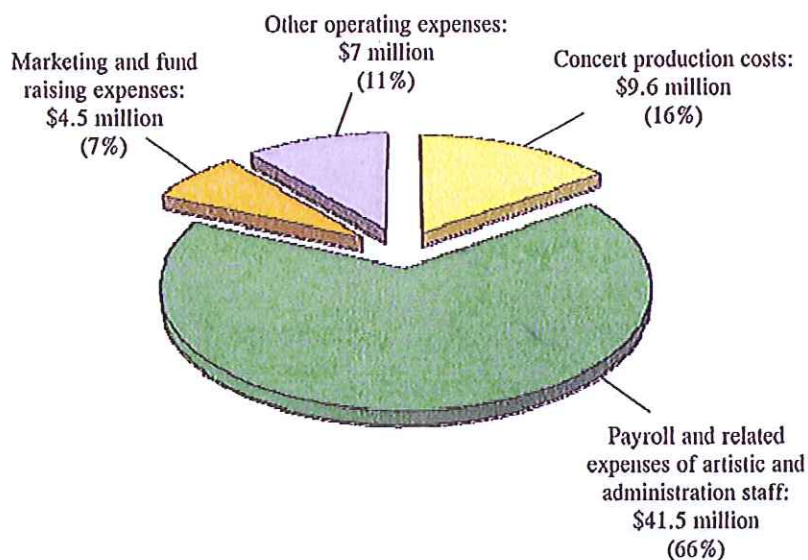
Figure 1

Income and expenditure of HKCO
(2008-09)

(A) Income: \$64.5 million



(B) Expenditure: \$62.6 million



Source: HKCO records

Note: The subvention comprised \$50.1 million (HKCO core business), \$1.5 million (Venue Partnership Scheme — see para. 3.6) and \$1.5 million (outbound cultural activities).

Audit review

1.10 The Audit Commission (Audit) has recently conducted a review of the HKCO. In carrying out this review, Audit has taken into account the following:

- (a) the Committee on Performing Arts recommended in its 2006 report (see para. 1.5) that a set of clear and measurable funding assessment criteria should be developed for the major performing arts groups. In making this recommendation, the Committee considered that there should be appropriate weighting on governance and management which would have a direct bearing on a performing arts group's ability to realise its artistic vision and achievement. Pursuant to this recommendation, the Government has commissioned a consultancy study to examine and refine the existing funding, governance and administration framework for the major performing arts groups;
- (b) in May 2009, the HAB informed the Home Affairs Panel of the Legislative Council that the Government counted on the governing boards of the major performing arts groups to lead the groups to artistic excellence on the artistic front, and to ensure proper management of the groups on the management front. Within this framework of autonomy, the Government expected the boards of the performing arts groups to adhere to principles of transparency and accountability in the management of the groups which is a legitimate expectation on organisations supported to a considerable extent by public funds; and
- (c) since its corporatisation in 2001, the HKCO has made considerable efforts to meet the objectives set out in the FSA of promoting and developing Chinese music in Hong Kong.

1.11 Against the above background, the audit review focused on the following governance and management issues:

- (a) corporate governance (PART 2);
- (b) core activities (PART 3);
- (c) human resources management (PART 4); and
- (d) other administrative issues (PART 5).

The review did not touch on the artistic merit of the HKCO work.

General response from the HKCO

1.12 The Council Chairman, HKCO has said that:

- (a) the HKCO welcomes the audit review, which provided a health check for the organisation. It is grateful for all the professional and independent insights and recommendations, which will no doubt further enhance the HKCO's value for money;
- (b) the HKCO agrees in general with the audit recommendations and will work closely with the LCSD and the HAB to ensure proper follow-up for improvement as appropriate;
- (c) the ultimate value of a performing arts group to the community is its overall impact and artistic achievement, which is dependent on a well-governed and professionally managed company. The sound governance and management of the company is therefore the enabler, not the driver; the cart, not the horses, to artistic development and achievement, and is valuable only to the extent it facilitates the latter. As and when administration and bureaucracy threaten to consume time and resources to the point of stifling the HKCO's core work in arts and arts promotion, the HKCO should reconsider its priorities in the correct context. It is a constant and difficult balancing act that must be borne in mind in the HKCO's daily operation and also in any review. It may not be very meaningful to just focus on the mechanistic administration and bureaucracy in any review of the HKCO, neglecting the more valuable yet intangible return the HKCO brings;
- (d) despite that Chinese orchestral music has been developed for about 90 years, it is still much less established in the global art world compared to its western counterparts (the development of symphony orchestras dates back over 300 years). Added to this is Hong Kong's unique colonial past and the very heavy western influences in the way Hong Kong people live. Taken together, it means that classical Chinese music has yet to be recognised as a mainstream art form in the territory. That is why the HKCO (since its corporatisation in 2001) has been giving priority to its very challenging mission to promote Chinese music and culture. The HKCO has been trying to do that by widening its audienceship primarily through two channels, namely community outreach and enlisting the private sector's support and endorsement;
- (e) the HKCO's community events not only provide enjoyable moments, but also sow seeds and cultivate future audiences. With the support of various stakeholders and the community, the HKCO was able to win for Hong Kong three Guinness World Records in 2001, 2003 and 2005. The HKCO is also the first performing arts organisation to become a "Caring Organisation", underlining the HKCO's determined strides in corporate social responsibility;

- (f) likewise, private sector sponsorship not only brings money but also new audiences, who may otherwise likely not be exposed to Chinese music at all. The broadening of the HKCO's audience profile in this manner will help ensure that its audienceship is expanded up and down the community to encompass truly people of all walks of life. Indeed, working with the private sector has been encouraged for almost any social/community good causes. Public private partnership (PPP), as a concept, seems to be the only sustainable way out for all arts groups in Hong Kong and elsewhere in the world;
- (g) the pivotal objective to widen the HKCO's audience base requires community outreach and promotion, as well as the involvement of private sector through sponsorship, to be at the core of the HKCO's marketing strategy. The HKCO is pleased that the former was well recognised by Audit (see the "Chinese Music Alive" Scheme in para. 3.19), but the HKCO is worried that its private sector involvement and sponsorship seem to have caused concern. The HKCO agrees that the administration and management of the latter could be improved. Nevertheless, it must be acknowledged that the HKCO may be unique in requiring a more vigorous promotional strategy than the conventional arts groups, given the HKCO's position with regard to Chinese music development;
- (h) besides continuously creating/enhancing cultural and social value for money in Hong Kong through Chinese music, hence helping give effect to the Government's cultural policy, more importantly and at the macro level, the HKCO has been contributing, on behalf of Hong Kong, as China's world city, to the wider development of Chinese orchestral music in the international arena at a time when the world's eyes are all intensely on the East. The HKCO is named the "Leading Chinese Orchestra in the World" and the "Cultural Ambassador of Hong Kong". The HKCO's rapport and interaction with the Mainland Chinese orchestral music organisations not only enable it to be benefited but also to leverage Hong Kong's unique position to connect with and influence over international music development in an attempt to put Chinese orchestral music making and appreciation increasingly on a par with that of western music, as it should be; and
- (i) the various artistic and management awards the HKCO has won, speak to the collective passion and achievement of the HKCO's team. In fact, the HKCO has been performing fairly impressively, as highlighted by the comparison (at Appendix B) between where the HKCO was in 2008-09 versus where it started in 2001-02.

Acknowledgement

1.13 Audit would like to acknowledge with gratitude the full cooperation of the staff of the HKCO, the LCSD and the HAB during the course of the audit review.

PART 2: CORPORATE GOVERNANCE

2.1 Good corporate governance is essential to all well-run public and private organisations. This PART examines the HKCO's governance arrangements.

Governance structure

Members and Council members

2.2 The HKCO's Articles of Association have the following provisions regarding its members:

- (a) *Members.* The subscribers of the HKCO's Memorandum of Association are its first members. Other persons may apply for membership subject to the approval of the Council. Members have the right to attend annual general meetings to consider the HKCO's accounts, the Council's reports and the auditors' reports; appoint auditors; and elect Council members. Currently, there are 18 members; and
- (b) *Council members.* The Council shall consist of not less than 6 or more than 20 members. At least two-thirds of Council members shall be elected by members and not more than one-third of Council members shall be appointed by the Government. The term of office of Council members is two years. Retired Council members are eligible for re-election or re-appointment but they can at most serve for three consecutive terms. Currently, there are 7 elected and 2 appointed Council members (Note 4).

Council and committees

2.3 The Council as the governing body is responsible for overall management of the affairs and business of the orchestra. The Council has established the following four committees to assist it in performing its functions and duties:

- (a) *Finance and Audit Committee.* It monitors financial performance, budgetary control, accounting policies and internal control;

Note 4: *The Government appointed three Council members to serve for a two-year term commencing October 2008. In October 2009, one of the appointed Council members resigned.*

- (b) *Human Resources Committee.* It advises on human resources development policies, manpower planning, staff development, appraisal and remuneration;
- (c) *Marketing Committee.* It formulates marketing policies and strategies, and monitors marketing, sales and fund-raising activities; and
- (d) *Nomination Committee.* It advises on the criteria for selecting Council members, recommends the best skill-mix scenario for the Council, and reviews potential candidates nominated by members to stand for election as Council members.

Policies and guidelines

2.4 The HKCO compiled a set of corporate governance principles and guidelines (Corporate Governance Guidelines) to provide the Council and its members with defined direction of work and modus operandi. To guide its staff in managing the day-to-day operation, the HKCO also laid down its administrative policies and procedures in the following manuals:

- (a) Accounting Policies and Procedures Manual (Accounting Manual);
- (b) Human Resources Policies and Procedures Manual (Human Resources Manual); and
- (c) Marketing and Development Policies and Procedures Manual (Marketing Manual).

Audit observations and recommendations

Declaration of interests

2.5 In accordance with the Corporate Governance Guidelines, the HKCO has implemented a two-tier system for declaring interests. Under the system, Council members are required to:

- (a) make a written declaration of interests when joining the Council (in October) and annually thereafter; and
- (b) declare any conflict of interests as and when it arises. To ensure that Council members properly declare any conflict of interests in relation to the agenda items of a Council meeting, they are required to complete and return a standard declaration form (including a nil return) to the administration department for each meeting. In case of any declared conflict of interests, the Council Chairman will be informed for taking necessary action.

2.6 In an examination of the annual declarations of interests and the declarations of conflict of interests for meetings, Audit found that there was room for improvement in the following aspects:

- (a) the annual declarations of interests for the year from October 2007 (see para. 2.5(a)) to September 2008 were mislaid and could not be produced for audit inspection. For the subsequent year, one Council member did not submit the annual declaration;
- (b) for the seven Council meetings held from October 2008 to September 2009, only 38 (49%) of the required 77 declarations from the then 11 members were received by the administration department. In 22 of the other 39 (77 – 38) cases without declarations, the Council members concerned attended the meetings. The administration department informed Audit that they had verbally followed up with Council members not submitting the required declarations but the follow-up actions and results were not documented;
- (c) there was no record showing that Council members had made additional declarations at the Council meetings before discussing papers tabled at the meetings (see para. 2.7(b)) and issues raised under “Any other business”; and
- (d) the requirement to submit declarations of conflict of interests only applied to Council meetings but not committee meetings.

Proceedings of meetings

2.7 According to the Corporate Governance Guidelines, the notices, agenda and papers of Council and committee meetings must be served sufficiently in advance. The HKCO annual reports have further stated that the notice and agenda of a meeting should be distributed two weeks before the meeting, and the papers one week before the meeting. In an examination of the timeliness of distributing these documents for the Council and committee meetings held during the period October 2007 to September 2009, Audit found that:

- (a) for 26 (63%) of a total of 41 meetings, notices and agenda were distributed later than the stipulated two weeks before the meetings; and
- (b) for 92 (54%) of a total of 170 meeting papers, they were distributed later than the stipulated one week before the meetings. Of the 92 meeting papers, 24 were tabled at the meetings.

Audit requirements

2.8 According to the FSA (see para. 1.6(c)(ii)), the HKCO is required to provide to the Government, within six months after the end of a financial year:

- (a) audited annual financial statements of the company. The accompanying auditors' report shall contain an opinion as to whether the statements give a true and fair view of the company's state of affairs as at the end of the financial year and financial result and cash flows for the financial year; and
- (b) an audited annual financial report showing the income and expenditure of the subvented activities and the movement in the reserve and the assets acquired which are funded by the subvention. The accompanying auditors' report shall contain an opinion as to whether the company has complied with, in all material respects, the requirements as may be set by the Government and all the terms and conditions of the FSA and other relevant documents as may be specified by the Government.

2.9 The above audit requirements were promulgated in Financial Circular No. 9/2004 of September 2004 and have been included in the FSA since 2005-06. However, Audit noted that for the four years from 2005-06 to 2008-09, the HKCO auditors' reports did not contain an audit opinion on the subvented activities and were hence not in compliance with the audit requirement stated in paragraph 2.8(b). This was because the HKCO had not incorporated the audit requirement in its audit engagement letters.

2.10 Audit reviewed the records of the LCSD and the HAB for the periods when the HKCO was under their respective purview to ascertain what action they had taken in respect of the audit requirements. Audit found that:

- (a) *LCSD's action.* In November 2005, the Assistant Director (Finance) of the LCSD informed the Deputy Director (Culture) that the 2004-05 audited financial statements of the HKCO (and other subvented performing arts groups) did not contain an audit opinion on the financial report of the subvented activities (i.e. the audit requirement in para. 2.8(b)). In response, the Assistant Director (Performing Arts) said that the audit requirements were included into the FSAs for 2005-06 and full compliance with the audit requirements would be closely monitored upon receiving the audited financial statements for 2005-06. In September 2006, in preparation for the impending transfer of the funding responsibilities for performing arts groups to the HAB, the LCSD staff concerned were transferred to the HAB; and

- (b) *HAB's action.* In April 2007, the HAB sought the Financial Services and the Treasury Bureau (FSTB)'s advice on whether the 2005-06 audited financial statements of the subvented performing arts groups had fulfilled the requirements laid down in Financial Circular No. 9/2004. In response, the FSTB advised that the detailed requirements and presentation of the annual financial report to be submitted might be determined by the Controlling Officer taking into account any specific requirements and, where necessary, in consultation with the Director of Accounting Services. The HAB did not subsequently consult the Director of Accounting Services or raise questions on the audited financial statements submitted by the HKCO.

Audit recommendations

- 2.11 Audit has *recommended* that the HKCO should:

Declaration of interests

- (a) ensure that the laid-down requirements on annual declarations of interests and declarations of conflict of interests for meetings are strictly complied with;
- (b) require the administration department to keep proper record of both verbal and written declarations;
- (c) review the arrangements for declaring conflict of interests, including extending the requirement to all committee meetings;

Proceedings of meetings

- (d) remind the administration department to distribute meeting documents within the stipulated time; and

Audit requirements

- (e) ensure that the audit requirements laid down in the FSA are complied with.

2.12 Audit has *recommended* that the Secretary for Home Affairs should:

- (a) consider consulting the Director of Accounting Services on the issue of compliance with the audit requirements in the FSA and follow up the compliance by the HKCO and other performing arts groups (see para. 1.5) as appropriate; and
- (b) in the light of findings in this report, remind other performing arts groups to check whether there are similar problems for taking necessary action.

Response from the HKCO

2.13 The HKCO welcomes the audit recommendations. The Council Chairman, HKCO has said that the HKCO:

- (a) has taken note of the relevant audit requirements in the FSA but it has been given to understand in the past that an audit opinion on subvented activities could be included or not included. This practice is adopted not just by the HKCO, but apparently by all major subvented performing arts groups. A review by the HAB is under way to better define the audit requirements for all the nine major performing arts groups. In February 2010, the issue was discussed at a meeting held between these arts groups and the HAB; and
- (b) takes compliance very seriously. It welcomes the professional and valuable input of Audit and will definitely take Audit's recommendations into consideration.

Response from the Administration

2.14 The Secretary for Home Affairs agrees with the audit recommendations.

PART 3: CORE ACTIVITIES

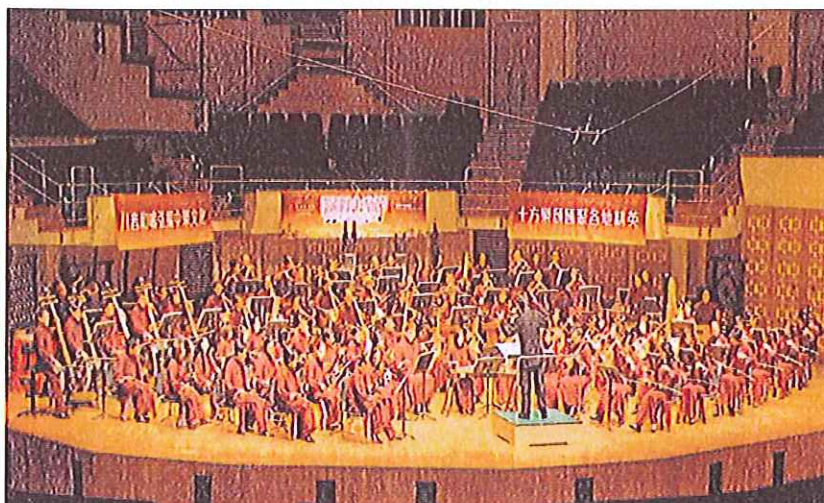
3.1 This PART examines the HKCO's performance results reported to the Government on its core activities (i.e. the conduct of regular concerts).

Conduct of regular concerts

3.2 Each year, the HKCO conducts some 50 performances on regular concerts (in addition, it conducts some 75 outreach community activities). Photographs 1 and 2 are examples of such regular concerts held in 2008-09. As mentioned in paragraph 1.9, the HKCO activities are mainly subsidised by government subvention (in 2008-09, accounting for 82% of the HKCO expenditure).

Photograph 1

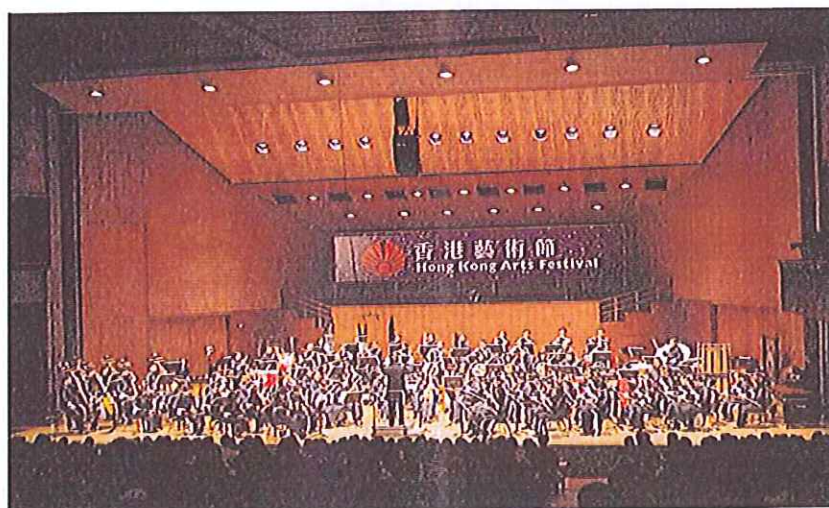
A regular concert held at Hong Kong Cultural Centre
(2008-09)



Source: Photograph provided by HKCO

Photograph 2

Another regular concert held at Hong Kong City Hall
(2008-09)



Source: Photograph provided by HKCO

3.3 Each year, the HKCO enters into an FSA with the Government on the activities to be implemented and the subvention terms (see para. 1.6). For performance management, the FSA included the HKCO's planned achievements for the activities to be implemented. For example, in the 2008-09 FSA, the HKCO set out the following targets for regular concerts under "Core Programmes (Core business)" for 2008-09:

- 26 concerts (46 performances)
- Paid audience of 35,265 persons
- 1,860 complimentary tickets
- Attendance rate (Note) of 87%
- Ticket proceeds of \$5.05 million

Note: According to the FSA, the HAB has required the HKCO to use the expected paid audience (i.e. excluding complimentary tickets) for calculating the attendance rates.

Audit examination

3.4 In an examination of the HKCO's conduct of regular concerts, Audit identified that there was scope for improvement in the following:

- (a) performance results reported to the Government (paras. 3.5 to 3.12);
- (b) controlling the issue of complimentary tickets (paras. 3.13 to 3.26); and
- (c) formulating the seating and ticketing strategy (paras. 3.27 to 3.33).

Performance results reported to the Government

3.5 As mentioned in paragraph 1.6(c), to account for its performance for each financial year, the HKCO is required to submit to the Government by 30 June of the following financial year a Self-evaluation Report.

3.6 In mid-2009, the HKCO submitted to the HAB its Self-evaluation Report for 2008-09. Table 1 shows the performance results, as stated in the Self-evaluation Report, of the regular concerts held under "Core Programmes (Core business)" and "Core Programmes under the Venue Partnership Scheme (VPS — Note 5)". Reported performance results for individual regular concerts (Concerts 1 to 31) are detailed at Appendix C.

Note 5: *The VPS is an arts development initiative implemented by the LCSD. It involves the organisation of different forms of performances at LCSD venues in partnership with various performing arts organisations (such as the HKCO).*

Table 1
Reported performance results for regular concerts
(2008-09)

Indicator	Target (per FSA)	Achievement (per Self-evaluation Report)
<i>Core programmes (Core business):</i>		
(a) Number of concerts (performances)	26 (46) (Note)	28 (46) (Note)
(b) Maximum audience capacity (seats)	40,683	43,886
(c) Paid audience (persons)	35,265	35,676
(d) Number of complimentary tickets	1,860	1,701
(e) Attendance rate ((c) ÷ (b) × 100%)	87%	81%
(f) Ticket proceeds	\$5.05 million	\$5.81 million
<i>Core programmes (VPS):</i>		
(g) Number of concerts (performances)	No quantified target	3 (4)
(h) Maximum audience capacity (seats)		5,984
(i) Paid audience (persons)		5,015
(j) Number of complimentary tickets		240
(k) Attendance rate ((i) ÷ (h) × 100%)		84%
(l) Ticket proceeds		\$0.38 million

Source: HAB and HKCO records

Note: Five of the reported concerts and performances, as against eight of the targeted concerts and performances, were open rehearsals held at the HKCO Rehearsal Hall, each of which had less than 50 persons in the audience.

Audit observations and recommendations

Proper reporting of performance results

3.7 The performance results in the Self-evaluation Report (see Table 1) show that the HKCO had generally achieved its targets in the PSA. Audit however found that the Self-evaluation Report did not present a proper picture of the actual performance results. This is because the number of complimentary tickets, paid audience, ticket proceeds and attendance rates were not appropriately reported, as explained below:

- (a) *Complimentary ticket figures.* Audit found that 1,941 complimentary tickets reported (1,701 plus 240 — see items (d) and (j) in Table 1) represented only the numbers of free complimentary tickets issued by the Urban Ticketing System (URBTIX of the LCSD — Note 6) to the HKCO for distribution. The figures did not include complimentary tickets purchased by the HKCO itself (HKCO-paid complimentary tickets) for promotional purposes. Audit found that the HKCO in fact issued 5,262 complimentary tickets in 2008-09 (see Table 5 in para. 3.14), comprising 1,941 free complimentary tickets and 3,321 HKCO-paid complimentary tickets. (Audit issues on the HKCO complimentary tickets system are reported in paras. 3.13 to 3.26). For illustration purposes, two concerts with large numbers of HKCO-paid complimentary tickets are shown below.

Note 6: *Under a venue hire agreement entered between the LCSD and the HKCO, for each concert held at LCSD venues, the former would not issue complimentary tickets that exceeded 5% of the seats in the approved seating plan for the concert unless with the written permission of the venue manager. As a normal practice, the LCSD would only issue some 50 to 60 free complimentary tickets (depending on venue capacity) to the HKCO for distribution.*

Case 1

Concert 14 (two performances)

Venue: Hong Kong Cultural Centre (HKCC) Concert Hall		
	Paid audience (persons)	Number of complimentary tickets issued
Per Self-evaluation Report	1,984	120
Adjusted figures	1,143 (Note 1)	945 (Note 2)

Source: HKCO records

Note 1: The adjusted figure of 1,143 was derived by deducting 825 HKCO-paid complimentary ticket holders and 16 seats reserved by the LCSD (see para. 3.7(b) below) from the reported paid audience figure of 1,984.

Note 2: The adjusted figure of 945 was derived by adding 825 HKCO-paid complimentary tickets to the reported 120 free complimentary tickets. The 945 complimentary tickets included 543 issued to sponsors, 175 to HKCO guests and 116 to local media firms (for distribution to the public as a means of promotion).

Case 2

Concert 29 (one performance)

Venue: HKCC Concert Hall		
	Paid audience (persons)	Number of complimentary tickets issued
Per Self-evaluation Report	1,065	60
Adjusted figures	660 (Note 1)	457 (Note 2)

Source: HKCO records

Note 1: The adjusted figure of 660 was derived by deducting 397 HKCO-paid complimentary ticket holders and 8 seats reserved by the LCSD (see para. 3.7 (b) below) from the reported paid audience figure of 1,065.

Note 2: The adjusted figure of 457 was derived by adding 397 HKCO-paid complimentary tickets to the reported 60 free complimentary tickets. The 457 complimentary tickets included 370 issued to participating artists, 35 to three non-profit making organisations and 30 to HKCO guests.

- (b) *Paid audience figures.* Audit found that the reported paid audience figure of 40,691 (35,676 plus 5,015 — see items (c) and (i) in Table 1) included 3,321 (8%) HKCO-paid complimentary ticket holders which should not have been regarded as paid audience. The revised paid audience figures (including minor adjustments for a number of seats reserved by the LCSD for venue management purposes) should be 36,981 (32,656 and 4,325). In other words, there was an over-reporting of paid audience by 3,710;

- (c) *Ticket proceeds figures.* Similar to (b) above, the reported \$6.19 million ticket proceeds in 2008-09 (\$5.81 million plus \$0.38 million — see items (f) and (i) in Table 1) included \$0.83 million being proceeds due to HKCO-paid complimentary tickets, the purchase of which involved HKCO expenditure of an equivalent amount. Given that the HKCO had not derived any economic benefit from the sale of complimentary tickets to itself, ticket proceeds of \$0.83 million should have been netted off. The reported ticket proceeds should therefore be revised to \$5.36 million (see Table 2). Table 2 further shows that there was an increase in HKCO expenditure for purchasing complimentary tickets in 2009-10;

Table 2

HKCO-paid complimentary tickets and net ticket proceeds

Financial year	Ticket proceeds (i) (\$ million)	HKCO-paid complimentary tickets (ii)		Net ticket proceeds (iii) = (i) – (ii) (\$ million)
		(\$ million)	Percentage of (i)	
2008-09	6.19	0.83 (Note)	13%	5.36
2009-10 (up to Dec. 2009)	4.28	0.96 (Note)	22%	3.32

Source: HKCO records

Note: These excluded \$0.44 million (2008-09) and \$0.34 million (2009-10) spent on ticket purchases under a special promotion scheme at a sponsor's request for free distribution to the youth and the underprivileged.

- (d) *Attendance rates.* In the Self-evaluation Report, the attendance rates were determined by dividing the paid audience figures (see items (c) and (i) in Table 1) by the maximum audience capacity of the venues where the concerts were held (see items (b) and (h) in Table 1). Audit has the following observations:
- (i) *Paid audience.* As explained by the HKCO in February 2010, it used the paid audience figures (i.e. excluding free complimentary ticket holders, but including HKCO-paid complimentary ticket holders) as the basis for calculating the attendance rates due to the HAB's requirement specified in the FSA (see para. 3.3). This basis might not be valid,

given that not all ticket holders would have attended the concerts. In this regard, attendance records kept by the LCSD venue management based on ticket stubs collected at the entrance of the venues could better reflect the actual turnout. As advised by the LCSD, these attendance records could be provided to hirers upon request. Based on the LCSD attendance records, Audit found that there were HKCO concerts with relatively high absence rates. For example, for four HKCO concerts held at the HKCC Concert Hall, more than 20% of the total audience (paid audience and complimentary ticket audience) did not attend the concerts (see Table 3). In other words, attendance rates based on paid audience could have been overstated when absence rates were high;

Table 3
Concerts with over 20% of audience absent
(2008-09)

Concert	Total audience (persons) (a)	Actual turnout (b)	Number of absentees (c) = (a) - (b)	Absence rate (d) = $\frac{(c)}{(a)} \times 100\%$
Concert 2 (2nd performance)	1,557	1,214	343	22%
Concert 14 (1st performance)	1,145	884	261	23%
Concert 25 (1st performance)	979	694	285	29%
Concert 29	1,117	864	253	23%

Source: HKCO and LCSD records

- (ii) *Maximum audience capacity.* The HKCO generally held its regular concerts at two LCSD venues, namely the HKCC Concert Hall and the Hong Kong City Hall (HKCH) Concert Hall, with a maximum audience capacity of 2,005 and 1,434 seats respectively. Instead of using the "maximum audience capacity" of the venues for calculating the attendance rates, the HKCO used a pre-defined audience capacity for its calculation (which was agreed by its Council in 2003). The pre-defined audience capacity was 1,496 (some 75% of 2,005) seats for the HKCC, and 1,206 (some 84% of 1,434) seats for the HKCH. That is, the HKCO assumed that some 25% and 16% of the seats in the two venues would always not be used. However, Audit noted that the assumption might not always be valid. This was because the numbers of seats allocated for use varied with HKCO concerts. For example, in 2008-09, for four concerts held at the HKCC, the numbers of seats allocated for use (Note 7) were greater than the pre-defined audience capacity by 17% to 28%. As a result, there were concerts for which the reported attendance rates exceeded 100% because of the use of the pre-defined audience capacity (see Concerts 15, 28 and 30 at Appendix C).

3.8 Taking into account the audit observations in paragraph 3.7, Audit worked out in Table 4 the revised 2008-09 performance results for the HKCO regular concerts that should have been reported to the Government (with detailed breakdown at Appendix D).

Note 7: *The number of seats allocated for use for a concert is set out in an approved seating plan. For each concert, the HKCO forwards to the LCSD for approval a ticket price scale and a seating plan. The seating plan shows all available seats for a particular concert, including those seats for which complimentary tickets will be issued. No changes shall be made to the approved price scale and seating plan without the prior permission of the LCSD venue manager.*

Table 4
Revised performance results for HKCO regular concerts
(2008-09)

Indicator	Achievement
<i>Core programmes (Core business):</i>	
(a) Number of concerts (performances)	28 (46)
(b) Revised maximum audience capacity (seats — Note 1)	48,489
(c) Revised paid audience (persons — Note 2)	32,656
(d) Revised number of complimentary tickets (Note 3)	4,391
(e) Revised attendance rate (33,085 ÷ (b) × 100% — Note 4)	68%
(f) Revised ticket proceeds	\$5.10 million (Note 5)
<i>Core programmes (VPS):</i>	
(g) Number of concerts (performances)	3 (4)
(h) Revised maximum audience capacity (seats — Note 1)	6,193
(i) Revised paid audience (persons — Note 2)	4,325
(j) Revised number of complimentary tickets (Note 3)	871
(k) Revised attendance rate (4,624 ÷ (h) × 100% — Note 4)	75%
(l) Revised ticket proceeds	\$0.26 million (Note 5)

Source: Audit's calculations based on HKCO and LCSD records

Note 1: The revised maximum audience capacity was based on the actual numbers of seats allocated for use for individual concerts (see para. 3.7(d)(ii)).

Note 2: The revised paid audience figures excluded HKCO-paid complimentary ticket audience, but included 3,575 tickets purchased under a special promotion scheme at a sponsor's request for free distribution to the youth and the underprivileged (see para. 3.7(b) and Note to Table 2 in para. 3.7(c)).

Note 3: The revised numbers of complimentary tickets included free complimentary tickets and HKCO-paid complimentary tickets (see para. 3.7(a)).

Note 4: According to the LCSD records, the actual turnouts were 33,085 (Core business) and 4,624 (VPS).

Note 5: Ticket proceeds excluded \$0.71 million (Core business) and \$0.12 million (VPS) for HKCO-paid complimentary tickets (see Note 2 above).

3.9 A comparison of Tables 1 and 4 shows that the actual performance results of the HKCO had not been appropriately reported to the Government. In particular, the figures for complimentary tickets, paid audience, attendance rates and ticket proceeds were not properly presented. According to the FSA, the Government has reserved the right to specify the format of the Self-evaluation Report. Therefore, the HAB (as the Controlling Officer) needs to review the reporting basis of the Self-evaluation Report and take action to improve it. The HAB may also wish to ascertain whether similar improvements need to be made to the Self-evaluation Reports submitted by other performing arts groups (see para. 1.5).

Audit recommendations

3.10 Audit has *recommended* that the Secretary for Home Affairs should:

- (a) work out with the HKCO an improved reporting basis for the Self-evaluation Report (including a reassessment of what performance information should be reported), with clear definitions and methodologies on the performance information to be compiled in the Report;
- (b) require other performing arts groups to adopt similar improvements in (a) above in their Self-evaluation Reports;
- (c) urge the performing arts groups (including the HKCO) to set up, if not already established, an appropriate mechanism to validate the information reported in the Self-evaluation Reports; and
- (d) require the performing arts groups to submit their Self-evaluation Reports to their governing boards and obtain their boards' endorsement of the Reports before submission to the HAB.

Response from the Administration

3.11 The Secretary for Home Affairs agrees with the audit recommendations.

Response from the HKCO

3.12 The HKCO welcomes the audit recommendations. The Council Chairman, HKCO has said that:

- (a) it is a common practice in the local arts industry that the attendance rate is calculated based on the number of tickets sold at URB TIX plus complimentary tickets issued. The reason is that there is often variation between the actual attendance and the number of ticket stubs collected at the venue;
- (b) it is the practice of URB TIX to only allow up to a maximum number of 60 complimentary tickets for each performance, any additional "complimentary tickets" required have to be purchased. Since there is no pre-defined interpretation of "Ticket Proceeds" in the Self-evaluation Report, the HKCO took the literal interpretation and included all "Purchased Tickets" as ticket proceeds, whether or not they were purchased by external patrons or by the HKCO itself. The HKCO would like to emphasise that it has calculated "Ticket Proceeds" and "Attendance Rate" consistently in this manner over the years and there has never been any intention to mislead. The Government is fully aware of the HKCO policy and practice throughout the years;
- (c) given the need to more vigorously promote Chinese music by widening audienceship, the HKCO has to continue with some form of issuing HKCO-paid complimentary tickets for promotional purposes. However, the HKCO recognises the desirability to enhance clarity and transparency, in particular for the record, in its complimentary/promotional ticketing strategy;
- (d) to ensure optimal viewing and acoustic effects for the audience, the seating capacity and arrangements for each performance are formulated on a case-by-case basis. As such, the number of seats released for sale for each concert varies. This is in fact the usual practice of all performing arts groups. However, such variations may cause confusion. The HKCO, therefore, uses the pre-defined audience capacities of 1,496 seats (HKCC Concert Hall) and 1,206 seats (HKCH Concert Hall) as internal references to measure the performance of the concerts. The internal standards have been discussed and approved by the HKCO Council in a number of meetings;
- (e) LCSD representatives attended the related Council meetings and acknowledged that there were no guidelines in this regard, and that each performing arts group was allowed to come up with its own measuring system;
- (f) since then, the pre-defined audience capacities of 1,496 seats (HKCC Concert Hall) and 1,206 seats (HKCH Concert Hall) have been used fairly consistently in all concert reports presented at Council meetings and Self-evaluation Reports submitted to the Government; and
- (g) the HKCO will discuss with the LCSD and the HAB to explore if there is a better way to present the figures relating to audience capacity.

Controlling the issue of complimentary tickets

HKCO policy for issuing complimentary tickets

3.13 According to a Marketing Committee paper of January 2005, the HKCO issued complimentary tickets to:

- (a) entertain overseas guests and consular officials for public relations (PR) purposes;
- (b) enable the HAB and the LCSD to monitor the operation of the HKCO;
- (c) enable the LCSD and the music advisors to provide feedback and advice to the HKCO;
- (d) show appreciation to cultural and arts organisations, sponsors and working partners, and to explore opportunities for the sustainable development of the HKCO;
- (e) attract interest and support from the mass media;
- (f) encourage critics to write reviews on cultural presentations; and
- (g) let the Council monitor the operation of the HKCO.

3.14 As mentioned in paragraph 3.7(a), in 2008-09, the HKCO issued 5,262 complimentary tickets. Table 5 shows the distribution of these complimentary tickets by recipient categories.

Table 5
Distribution of complimentary tickets
(2008-09)

Recipient category	Core programmes			
	Core business	VPS	Total	Percentage
(a) Sponsors	1,317	34	1,351	26%
(b) Local media (for distribution to the public), performing arts groups, participating artists, and non-profit making organisations — for special PR and marketing purposes	913	703	1,616	31%
(c) HKCO guests, including consular officials, composers and artists, guests from the cultural field, potential sponsors and strategic partners	985	63	1,048	20%
(d) HKCO staff	488	21	509	9%
(e) HKCO Council members and music advisors	244	21	265	5%
(f) Journalists and critics	153	14	167	3%
(g) Unused complimentary tickets	291	15	306	6%
Total	4,391	871	5,262	100%

Source: HKCO records

Audit observations and recommendations

Strategy and monitoring system for issuing complimentary tickets

3.15 The HKCO strategy and monitoring system for issuing complimentary tickets are detailed at Appendix E. As explained by the HKCO in February 2010, it issued complimentary tickets to further promote Chinese music. However, as compared with the complimentary ticket strategy of the LCSD which similarly holds a lot of cultural/festival presentations/events each year, Audit notes that the HKCO's complimentary ticket strategy is more generous and its monitoring system more relaxed. Although both the HKCO's and the LCSD's complimentary ticket strategies served similar purposes and similar recipient categories, their strategies and monitoring systems varied. Table 6 shows the benchmarking result.

Table 6

**Complimentary ticket strategies and monitoring systems
(January 2010)**

Aspect benchmarked	HKCO	LCSD
(a) Any quotas set?	Yes, quotas, similar to those of the LCSD, were set. However, the quotas applied to HKCO guests only (see item (c) in Table 5). Such quotas did not apply to other recipient categories (e.g. media, Council members).	Yes, quotas were set (Note). The quotas applied to all recipient categories.
(b) Exercise of discretion allowed?	<p>Discretion was allowed. If ticket sales for a particular concert did not reach 30% three weeks before it was held, the ED was authorised to:</p> <p>(i) issue complimentary tickets above the quotas (for HKCO guests only — see (a) above); and</p> <p>(ii) give out complimentary tickets for PR and marketing purposes.</p> <p>The issue of complimentary tickets under conditions (i) and (ii) above was to be limited to 10% of the total tickets available for sale. If the 10% limit was to be exceeded, approval from the Council Chairman was required.</p>	No discretion was allowed. Special approval was required if the quotas were to be exceeded. LCSD staff could only be issued with a complimentary ticket for training purposes or performing direct official duty in a particular event.
(c) Complimentary tickets issued to sponsors	Not governed by the quotas in (a) above. Sponsors were issued with complimentary tickets according to an approved scale. The number of complimentary tickets to be issued was a few times more than that of the LCSD for similar amount of sponsorship.	Subject to (i) the quotas in (a) above and (ii) the quotas set in separate sponsorship guidelines. For (ii), a sponsorship of \$0.4 million to \$0.6 million would be entitled, at most, to the issue of 40 complimentary tickets. Special approval was required if these quotas were to be exceeded.

Aspect benchmarked	HKCO	LCSD
	The ED was allowed to approve complimentary tickets to be offered to sponsors up to a maximum ticket value of \$100,000, with amount exceeding \$100,000 approved by the Chairman of the Marketing Committee (see para. 2.3(c)).	The actual number of complimentary tickets to be issued would be determined with reference to the overall percentages of complimentary tickets in relation to the total venue capacity, and the sponsorship amount in relation to the overall programme budget. The general rule was that the total value of complimentary tickets issued should not exceed 5% of the sponsorship amount.
(d) Monitoring of recipients' attendance?	<p>Yes, but mainly for Council members and particular HKCO guests only (see items (c) and (e) in Table 5). The HKCO would report their attendance information by way of stating "No show" in its Recipients' Lists submitted to the Council for review.</p> <p>But generally no for other recipient categories (e.g. local media), except for cases when the recipients were asked to pick up their complimentary tickets in person at the places where the concerts were held, in which case the HKCO might know whether they had shown up or not.</p>	<p>Yes. When distributing complimentary tickets, recipients were advised to return the tickets or inform the programme office if they eventually could not attend the concerts.</p> <p>To monitor recipients' attendance, a register of complimentary tickets issued was kept. The name of the ticket holder was also written on the ticket stubs, so that venue staff could check attendance against the guest list. After each concert, a "No show" list would be produced. Recipients with a high rate of "No show" would be considered for removal from the guest list.</p>

Source: Audit analysis of HKCO and LCSD records

Note: Quotas were set based on the venue capacity. For example, for a concert to be held at a venue with 1,301 to 1,700 seats, the LCSD could, at most, issue 50 complimentary tickets, and, for a venue with 1,701 to 2,000 seats, at most, 60 complimentary tickets.

3.16 Given that the HKCO's activities are mainly subsidised by the Government (see para. 3.2), the issue of complimentary tickets for its concerts needs to be carefully controlled. Besides, Audit is concerned that the frequent distribution of large numbers of complimentary tickets might not be in the interest of the HKCO. Some concert-goers would be hesitant to purchase tickets.

3.17 For a government-subsented concert, tickets should be offered for sale to the public as far as possible (in line with the Government's cultural policy — see para. 1.2). Table 5 shows that the 5,262 complimentary tickets issued in 2008-09 accounted for 12% of total audience (42,243 persons — items (c), (d), (i) and (j) of Table 4 in para. 3.8), which means that only 88% of the tickets were purchased by the public. The increase in the 2009-10 expenditure on purchasing complimentary tickets (see Table 2 in para. 3.7(c)) is also a matter of audit concern.

3.18 Audit considers that the HKCO needs to critically review its complimentary ticket strategy and monitoring system with due regard to the principle of prudence and good value for money, and making reference to the LCSD's complimentary ticket strategy and monitoring system. At the same time, the HKCO needs to explore more effective measures to promote concert ticket sales and, in collaboration with the HAB, explore more effective ways to promote Chinese music to the community in the long term.

Good initiatives that should be further promoted

3.19 In 2008-09, the HKCO purchased 3,575 tickets at a sponsoring company's request for free distribution. The tickets were included as revised paid audience in Table 4 of paragraph 3.8 (see Note 2 to the Table). Under that scheme ("Chinese Music Alive" Scheme), in return for a sponsorship of \$4.2 million over 3 years from the company, the HKCO issued/would issue some 7,000 tickets (up to the value of \$1.05 million) for selected concerts to the youth and the underprivileged. The HKCO also organised pre-concert talks, educational day-time concerts, educational workshops and competitions to enable the participants to enjoy cultural life and to understand Chinese music better.

3.20 As part of the sponsoring agreement entered between the HKCO and the company, the HKCO was obliged to conduct surveys to collect responses from the concert participants and to submit half-yearly evaluation reports to the company for review. In the two evaluation reports submitted for 2008-09 and the first report for 2009-10, the HKCO reported that the scheme had very positive feedback — almost all participants indicated that they enjoyed the concerts and wished to attend similar concerts in future. In its first evaluation report for 2009-10, the HKCO concluded that the scheme had helped enhance and develop Chinese music and, through concerts and pre-concert talks and workshops, the participants were able to achieve spiritual satisfaction and acquire an enhanced understanding of Chinese music. The HKCO further concluded that in future, it would more actively plan and organise similar educational programmes to promote Chinese music.

3.21 Apart from this special promotion scheme, the HKCO also set up in 2005 on its own initiative a “Music for Love” Scheme to invite donations for purchasing concert tickets for charitable organisations. The spirit was to bring the beauty of Chinese music to the underprivileged sectors of the community (including low-income families, seniors, orphans, people with disabilities and single parent families) and to bring Chinese music to their centres/schools. However, for 2008-09, only 168 complimentary tickets (costing some \$25,000) were distributed under the scheme. Audit welcomes the HKCO’s initiative, but considers that it needs to step up its efforts to plan and promote similar kinds of schemes.

Documentation to support the issue of complimentary tickets

3.22 Audit selected for examination 7 concerts (involving 12 performances) held in 2008-09. For these 7 concerts, the HKCO issued some 3,000 complimentary tickets. Audit has the following observations from an examination of the HKCO system and procedures for issuing complimentary tickets (details are at Appendix F):

- (a) *Records of ticket requests and of ticket acknowledgement.* Although certain informal records of ticket requests (such as e-mails and distribution lists) were sometimes kept, a proper and complete written record of all ticket requests was not always maintained. Moreover, there was no documentation to signify ticket acknowledgement by recipients. For example, the HKCO had issued for one concert 288 complimentary tickets to various groups of participating artists (for special PR and marketing purposes). There was however no written record of any ticket requests, and no written record of ticket acknowledgement. Similarly, the HKCO had issued for another concert 76 complimentary tickets to one performing arts group (again for special PR and marketing purposes). There was again no written record of any ticket request from the group, and no ticket acknowledgement;

- (b) *Documentation on justifications and on approvals for additional complimentary tickets issued.* In many cases, there were no justifications on record, and no written approvals having been obtained for issuing additional complimentary tickets. Case 3 is an example. In some cases, additional complimentary tickets were issued "with verbal approval from the Council Chairman" (as stated in the Recipients' Lists), without evidence that written approval had subsequently been given. Examples are the issue to two local media firms of 100 complimentary tickets for one concert (Case 3) and 155 complimentary tickets for another concert (Case 4);

Case 3

Concert 14 (two performances) at HKCC

1. A company had sponsored a sum (less than \$0.3 million) for one performance of the captioned concert. In return, it was issued with 506 complimentary tickets (costing the HKCO half of the sponsorship amount) for the performance.
2. The issue of 506 complimentary tickets in return for the sponsorship exceeded the sponsor's entitlement under which 100 complimentary tickets should have been issued. There was, however, no documentary justification for the issue of additional complimentary tickets to the sponsoring company and no record of approval having been obtained from the Chairman of the Marketing Committee (Note).
3. Besides, for the other performance of the captioned concert, the HKCO issued a total of 100 complimentary tickets to two local media firms. There was again no record of the justification and of written approval from the Council Chairman.

Source: HKCO records

Note: Approval from the Chairman of the Marketing Committee should have been obtained when the total ticket value exceeded \$100,000 (see item (c) in Table 6 in para. 3.15).

Case 4

Concert 25 (two performances) at HKCC

For one performance of the captioned concert, the HKCO issued a total of 155 complimentary tickets to two local media firms. There was no record of the justification for issuing such a great number of complimentary tickets to the media. Written approval had not been obtained from the Council Chairman.

Source: HKCO records

- (c) *Need to step up efforts to collect feedback from audience.* The HKCO has a system for collecting audience feedback through posting a standard questionnaire on its website. However, for the four years from 2006 to 2009, the HKCO only received three completed questionnaires. Although the HKCO might also have collected informal feedback from its guests and staff through discussions and gatherings during concert breaks, it needs to set up a proper system to collect audience feedback (particularly from the complimentary ticket audience). In this connection, the system of conducting surveys and compiling half-yearly evaluation reports under the "Chinese Music Alive" Scheme (see para. 3.20) is a good practice that should be promoted; and
- (d) *Recipients' records not submitted for review.* There was no written record showing that the Recipients' Lists (including recipients' attendance) for all 7 concerts had been submitted to the Council for review.

Concerts held as "private functions" for commercial sponsors

3.23 There were two occasions (one in 2008-09 and another in 2009-10) when the regular concerts were arranged as "private functions" (with tickets not available for public sales) for commercial sponsors, as detailed below.

Case 5

One concert (two performances) at the HKCC
(2008-09)

1. According to the FSA, the HKCO should present to the public two performances of the captioned concert. In the event, the first performance of this concert was open to the public for ticket sales whereas the second performance was arranged as a private function for one commercial sponsor. For the latter performance, 1,557 tickets were sold/issued.

2. Of the 1,557 tickets sold/issued, 1,464 (94% — Note) tickets were taken up by the sponsoring company which was issued with 100 complimentary tickets for its sponsorship of \$100,000, and was allowed to purchase the other 1,364 tickets (purchased by the HKCO on its behalf at a cost of some \$159,000). In addition, the sponsoring company was entitled to have its name published in all promotional materials relating to the performance, and an exclusive right to hold receptions at the venue.

3. The HKCO publicised in press releases, leaflets and brochures that the second performance was sponsored by a company and tickets would not be available for public sales.

4. Based on the HKCO records, the concert (with 2 performances) had incurred a deficit of \$200,000 without including any apportionment of local artistic staff's salaries and other indirect operating expenses, such as administrative staff's salaries.

Audit comments

5. While Audit appreciates the HKCO's effort to expand the income and audience base in allowing the second performance to be held as a private function, there is a need to charge the commercial sponsor the full cost of the services. This is to avoid the cross-subsidisation of a private function by government fund (see para. 1.6(d)).

Source: HKCO records

Note: For the remaining 6% tickets, 4% were taken up by members of the public during the advance booking period (before the performance was announced to be held as a private function), and 2% were complimentary tickets issued by the HKCO to its guests, Council members and staff.

Case 6

One concert (two performances) at the HKCC
(2009-10)

1. According to the FSA, the HKCO should present to the public two performances of the captioned concert. In the event, the first performance of this concert was open to the public for ticket sales whereas the second performance was arranged as a private function for one commercial sponsor. For the latter performance, 1,679 tickets were issued, including 1,630 complimentary tickets issued to the sponsoring company in return for its sponsorship of less than \$0.4 million.

2. The issue of 1,630 complimentary tickets to the sponsoring company had, similar to Case 3, exceeded the sponsor's entitlement under which 200 complimentary tickets should have been issued. In addition, the sponsoring company was entitled to have its name published in all promotional materials relating to the performance, and an exclusive right to hold receptions at the venue.

3. The HKCO publicised in press releases, leaflets and brochures that the second performance was a private function organised for the sponsoring company, and tickets would not be available for public sales.

4. Audit noted that in addition to 17 free complimentary tickets, the HKCO spent some \$358,000 on purchasing 1,662 complimentary tickets (1,630 to be issued to the sponsoring company and 49 to HKCO guests and staff). The HKCO also incurred another \$350,000 on overseas artists' and performers' fees, venue rental, and marketing expenses. This means that the second performance was held at a deficit, without including any apportionment of local artistic staff's salaries and other indirect operating expenses.

Audit comments

5. The sponsorship only covered the cost of the HKCO-paid complimentary tickets issued to the sponsoring company, but not other costs of organising the performance. While Audit appreciates the HKCO's effort to expand the income and audience base in allowing the second performance to be held as a private function, there is a need to charge the commercial sponsor the full cost of the services. This is to avoid the cross-subsidisation of a private function by government fund (see para. 1.6(d)).

Source: HKCO records

3.24 Given that the HKCO's cost recovery rate was only 18% for 2008-09 (estimated at 19% for 2009-10), its regular concerts had been extensively subsidised by the Government. The practice of organising concerts (with the Government's subsidy) as private functions for commercial sponsors needs to be critically reviewed. Without discouraging commercial sponsorship and without refusing requests for organising concerts as private functions for sponsors, the HKCO may need to explore the feasibility of requiring the commercial sponsors to bear the full cost of the concerts.

Audit recommendations

3.25 Audit has recommended that the HKCO should:

Strategy and monitoring system for issuing complimentary tickets

- (a) critically review, and revise as appropriate, its complimentary ticket strategy and monitoring system with due regard to the principle of prudence and good value for money, and making reference to the LCSD's complimentary ticket strategy and monitoring system;
- (b) explore more effective measures to promote the ticket sales of its regular concerts, and in collaboration with the HAB, explore more effective ways to promote Chinese music to the community in the long term;

Good initiatives that should be further promoted

- (c) step up its efforts to plan and organise educational programmes (similar to the "Chinese Music Alive" Scheme) to promote Chinese music among the youth and the underprivileged;

Documentation to support the issue of complimentary tickets

- (d) maintain proper records of ticket requests and ticket acknowledgement;
- (e) improve the documentation on justifications and approvals for additional complimentary tickets issued;
- (f) set up a proper system to collect audience feedback (particularly from those complimentary ticket audience), making reference to the good practice of conducting surveys and compiling half-yearly evaluation reports under the "Chinese Music Alive" Scheme;

- (g) enforce the requirement for submission of the Recipients' Lists (including their attendance) to the Council; and

Concerts held as "private functions" for commercial sponsors

- (h) require commercial sponsors to bear the full cost of concerts to be held as private functions for them.

Response from the HKCO

3.26 The HKCO welcomes the audit recommendations. The Council Chairman, HKCO has said that:

General

- (a) the HKCO will take the audit recommendations into consideration when devising its marketing and ticketing strategy in the future;

Comparison with the LCSD strategy and monitoring system

- (b) the HKCO and the LCSD are two different types of organisations. While the LCSD is a government department fully funded by public money, the HKCO was corporatised for "greater autonomy in its artistic vision, more administrative flexibility, and more community involvement and support" (see para. 1.4);
- (c) as a subvented organisation, the HKCO vigilantly abides by the prudent budget principles. Nevertheless, the HKCO is always on the outlook for sponsorship for branding and positioning purposes in order to become a viable and sustainable performing arts group in the long term by embracing, inter alia, the PPP model so promoted by the Government and the community. One should perhaps not draw a straight comparison of the marketing and ticketing strategy between the LCSD and the HKCO;
- (d) the level of appreciation and acceptance of classical Chinese orchestral music among Hong Kong people is still low. There is a huge need for public education and promotion to raise the level of interest. Issuing complimentary tickets to the potential audience groups is part of the HKCO's marketing strategy, which has been planned carefully and professionally and approved by the Council. Efforts of promotion may vary having regard to the popularity of a particular concert or event for optimal results (see the general response in para. 1.12);

Strategy for issuing complimentary tickets

- (e) many complimentary tickets were distributed to sponsors, local and overseas arts organisations, educational institutions, charitable organisations, co-organisers, and government and consular officials. All these are the HKCO's target audience groups, which can help enhance the awareness of Chinese orchestral music in the long term;
- (f) a portion of the complimentary tickets was provided to media firms on a "barter" basis, which in turn has resulted in free publicity for the HKCO. With the advertising costs saved and the marketing effects gained from the "barter" arrangements with the media, the benefits are far greater than the sum of money generated from sales of these tickets;

Good initiatives that should be further promoted

- (g) the HKCO is delighted that Audit acknowledges that the "Chinese Music Alive" and "Music for Love" Schemes are good initiatives, and that they should be further promoted;
- (h) the "Chinese Music Alive" Scheme was funded by a sponsor to give youngsters and people of underprivileged background an opportunity to attend a concert;
- (i) the "Music for Love" Scheme was funded by donations collected from the public, which was scaled down because of reduction in funds raised amid the global financial downturn;
- (j) in the same vein, the HKCO has been encouraging the private sector to sponsor these activities in order to nurture Chinese music appreciation in Hong Kong. The HKCO will continue to identify appropriate sponsors to allow people who otherwise may not have the chance to attend concerts to be exposed to Chinese music;

Documentation to support the issue of complimentary tickets

- (k) the HKCO will consider improving the documentation system in the future. Nonetheless, it would like to emphasise that it has maintained a reasonable record of ticket requests and ticket acknowledgement (see para. 3.22(a) and Appendix F), and all records are tabled for review at Council meetings although they are not recorded in the minutes of Council meetings;

- (l) based on the HKCO's experience, most attendees are not keen to fill in feedback forms. Moreover, to encourage a paperless environment, the HKCO has a system for collecting audience feedback through posting a standard questionnaire on its website (see para. 3.22(c));
- (m) the HKCO staff will also collect opinions from complimentary ticket holders proactively after a concert;
- (n) the HKCO acknowledges the need to explore other feasible ways of collecting audience feedback (such as that used in the "Chinese Music Alive" Scheme), whenever applicable;

Concerts held as "private functions" for commercial sponsors

- (o) as stated in (c) above, it is the HKCO's long-term strategy (i.e. PPP) to encourage sponsorship from the private sector. In 2009-10, the concert (2 performances) in Case 6 (see para. 3.23) was held successfully with the sponsorship from a company. While one performance was reserved for the sponsor, the other was open to the public. Based on the HKCO's experience, the money generated from ticket sales for a concert of similar scale and nature would only be around 80% of the total income of the sponsored concert. This is because a number of tickets are sold at a concessionary rate, such as those for students and senior citizens (rather than the full ticket prices). Therefore, the sponsorship has resulted in a higher financial return to the HKCO and a lower subsidy rate for the Government;
- (p) moreover, the private sponsor should also be considered as a member of the public, and is entitled to purchase as many tickets as it wishes so long as it pays for the tickets; and
- (q) the HKCO will continue to seek collaboration and sponsorship from the private sector in its effort to promote Chinese music.

Formulating the seating and ticketing strategy

3.27 As mentioned in paragraph 3.7(d)(ii), the HKCO always used a pre-defined audience capacity (instead of the "maximum audience capacity" of the venue) for calculating the attendance rates. As a common practice, it would "withhold" from ticket sales seats in less favourable viewing positions (i.e. seats with restricted sightline) or seats with sound effect hampered — which were collectively termed as "temporarily blocked seats".

Audit observations and recommendations

Need to review the number of temporarily blocked seats

3.28 For 2008-09, there were concerts where the HKCO had allocated 0% to 4% of the seats as temporarily blocked seats, but there were also concerts where the HKCO had allocated 20% to 27% of the seats for the same. Examples are given in Table 7. The seating plan of one concert with 25% of the seats allocated as temporarily blocked seats is shown in Figure 2.

Table 7
Concerts held at the HKCC with many temporarily blocked seats
(2008-09)

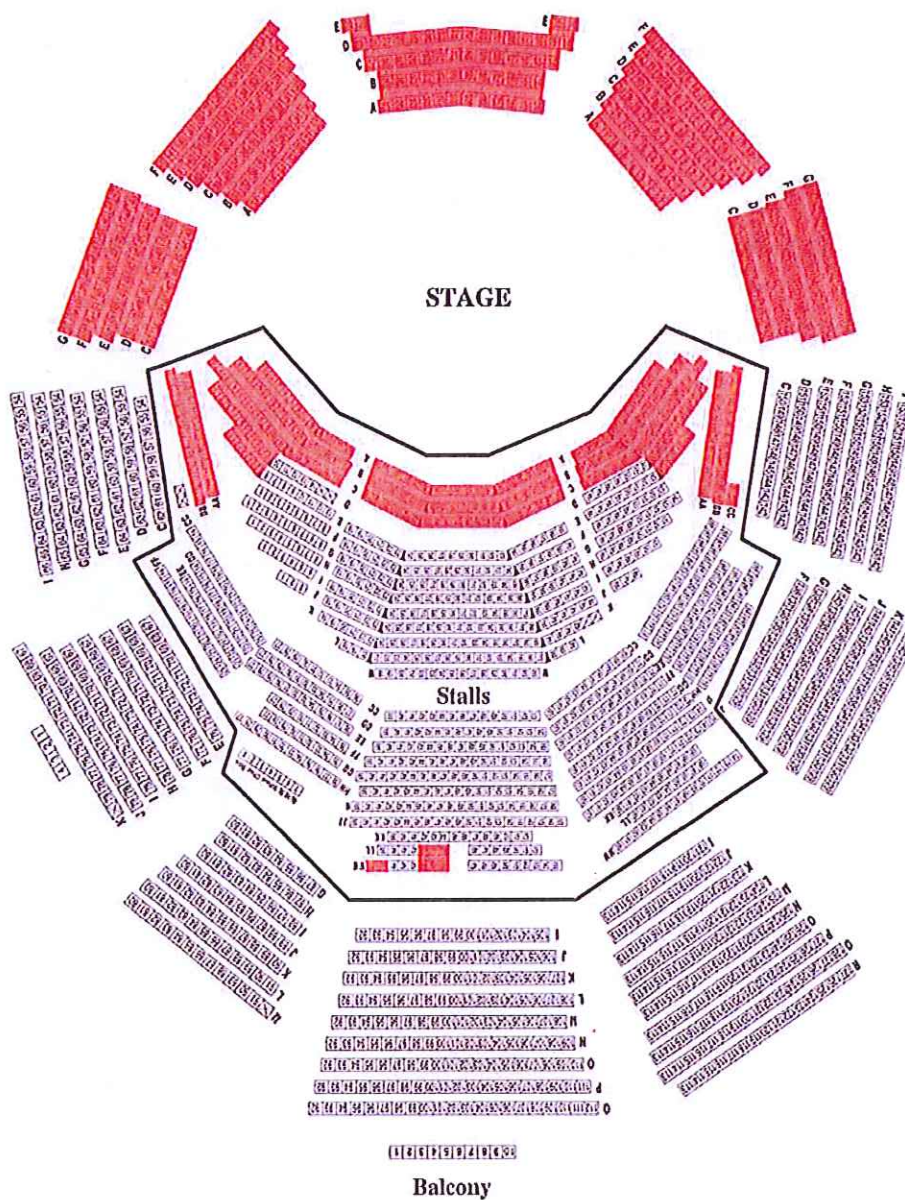
Concert	Venue (Note 1)	Number of seats in use (URBTIX) (a)	Number of temporarily blocked seats (Note 2) (b)	(b) as a percentage of venue capacity $(c) = \frac{(b)}{1,997} \times 100\%$
Concert 2 (2nd performance)	HKCC	1,557	440	22%
Concert 14	HKCC	1,588	409	20%
Concert 17	HKCC	1,469	528	26%
Concert 25 (1st performance)	HKCC	1,451	546	27%
Concert 25 (2nd performance)	HKCC	1,449	548	27%
Concert 29	HKCC	1,488 (see Figure 2)	509	25%

Source: HKCO records

Note 1: Venue capacity for the HKCC Concert Hall is set at 1,997 seats for each concert (maximum audience capacity of 2,005 seats less a minor adjustment of 8 seats reserved by the LCSD for venue management purposes).

Note 2: Such temporarily blocked seats were neither offered for ticket sales nor used for issue of complimentary tickets.

Figure 2
Seating plan for Concert 29 held at HKCC



Legend: ■ Temporarily blocked seats

Source: LCSD records

3.29 The allocation of too many seats as temporarily blocked seats may not be conducive to efficient and effective use of resources. This arrangement is not desirable for the long term given that the HKCO has a role to enlarge its audience base and to promote the development of Chinese music in the community. Therefore, Audit considers that the HKCO needs to review its seating and ticketing strategy, and consider possible ways to optimise the number of seats for each concert. These may include exploring the desirability of offering temporarily blocked seats for ticket sales at discounted prices and the feasibility of offering concessionary student tickets to schools.

3.30 The positive feedback from the participants (particularly the youth) under a special promotion scheme (see para. 3.20) may be indicative that there is potential for further development of Chinese music. Besides, the HKCO Marketing Manual has already allowed the ED to offer concessionary tickets to schools (70% discount and at a minimum price of \$20) for concerts with ticket sales not reaching 30% three weeks before the concerts are held. However, as far as could be ascertained, this arrangement had rarely been used.

3.31 Audit further noted that the temporary blocking of more than 20% of the seats for concerts held at the HKCC was high as compared with the common practice of withholding only 14% in the case of concerts organised by another performing arts group.

Audit recommendations

3.32 Audit has *recommended* that the HKCO should:

- (a) review its seating and ticketing strategy and consider possible ways to optimise the number of seats for each concert;
- (b) explore the desirability of offering temporarily blocked seats for ticket sales at discounted prices; and
- (c) offer concessionary tickets to schools for concerts with ticket sales not reaching 30% three weeks before the concerts are held, as laid down in the Marketing Manual.

Response from the HKCO

3.33 The HKCO welcomes the audit recommendations. The Council Chairman, HKCO has said that:

- (a) the HKCO upholds the highest professional standard and is adamant about providing the best acoustic and viewing experience for audience. Releasing undesirable seats would compromise the artistic effects of the performances; and
- (b) the HKCO will review its policy on the issue of concessionary tickets as necessary. In the past, it has tried to offer tickets at \$20 to schools when only 30% of the tickets are sold three weeks before a concert is to take place. However, this is not always feasible as three weeks is a rather short notice for internal approval and administration on the part of the schools.

PART 4: HUMAN RESOURCES MANAGEMENT

4.1 Staff expenses accounted for some 66% of the 2008-09 expenditure of the HKCO (see para. 1.9). This PART examines the following human resources management issues of the HKCO:

- (a) working hours of artistic staff (paras. 4.2 to 4.9);
- (b) work deployment of outgoing artistic staff (paras. 4.10 to 4.15);
- (c) duty visits outside Hong Kong (paras. 4.16 to 4.26); and
- (d) management of research and development (R&D) officer (paras. 4.27 to 4.36).

Working hours of artistic staff

4.2 In 2009-10, the HKCO has 88 artistic staff on its establishment (Note 8). They are employed on contract terms. Their duties include live performances, rehearsals, performances for audio-visual production and broadcasting, and educational and training work. With the exception of the AD, the resident conductor and the R&D officer, the employment contracts of other artistic staff have the following provisions regarding their working hours, leave and overtime work arrangements:

- (a) *Working hours.* Artistic staff are required to work 28 hours a week (Note 9). Their work is scheduled into sessions of, normally, 3 hours or less each. The number of work sessions for each artistic staff will not be more than 10 in a week;
- (b) *Leave.* There is a rest day for every working week. Artistic staff are also entitled to general holidays and 35 days of annual leave each year. Intervening Sundays and general holidays within an annual leave period are counted as part of the leave; and

Note 8: *The artistic staff comprise the AD, the resident conductor, the R&D officer and other musicians working for the 4 sections of the orchestra (i.e. bowed-string section, percussion section, plucked-string section and wind section).*

Note 9: *A week refers to a period of seven consecutive days counting from Sunday to Saturday. According to the Human Resources Manual, artistic staff's conditioned working hours for a month should be 122 ($28 \times 365/7 \times 1/12$) hours.*

- (c) *Overtime work.* Any work in excess of 28 hours a week will be counted as overtime work. The staff concerned will be granted time off for the equivalent hours of overtime work.

Audit observations and recommendations

Utilisation of artistic staff resources

4.3 According to the orchestra's monthly activities, the HKCO issues a duty roster of artistic staff for every 4-week period. The roster is distributed one week before the beginning of the relevant period. Audit sample checked the duty rosters for the months of April, May, September and December 2008. The results are shown in Table 8. With the exception of May 2008, the scheduled working hours for the other three months were less than the conditioned working hours. In fact, not every scheduled work item required the attendance of all artistic staff (Note 10). Even if an artistic staff participated in all the scheduled work, his total working hours for the four months were 375, which were still less than the total conditioned working hours of 424 by 49 (12%).

Note 10: *For example, some rehearsals were held for specific sections of the orchestra, such as the ones held on 11 December 2008 with the morning session for staff of the bowed-string and wind sections and the afternoon session for staff of the plucked-string and percussion sections.*

Table 8
Scheduled working hours
(April, May, September and December 2008)

Activities	Scheduled working hours				
	April	May	September	December	Total
(a) Rehearsals	65	90	38	57	250
(b) Performances (Note 1)	8	10	7	12	37
(c) Outreach community activities (Note 1)	9	6	3	4	22
(d) Other activities (e.g. self-practices and meetings)	24	18	24	—	66
(e) Total scheduled working hours (e)=(a)+(b)+(c)+(d)	106	124	72	73	375
(f) Conditioned working hours (Note 2)	116	110	88	110	424
(g) Excess/(Shortfall) of scheduled working hours (g)=(e)-(f)	(10)	14	(16)	(37)	(49)

Source: Audit analysis of HKCO data

Note 1: The scheduled working hours for performances and outreach community activities were based on the attendance records as the duration of these activities was not specified in the duty rosters.

Note 2: The conditioned working hours of a month were calculated by deducting from 122 hours (see Note 9 to para. 4.2(a)) the hours of general holidays (assuming 6 hours per day), and also the scheduled 1-week annual leave (i.e. 28 hours) in the case of September 2008 (see para. 4.6).

4.4 The HKCO maintains manual attendance records of artistic staff participating in HKCO's work. Based on the 2008-09 duty rosters and attendance records, Audit compiled in Table 9 the actual working hours for a sample of 20 artistic staff (covering three different ranks and all four sections of the orchestra). It can be seen that their actual working hours averaged 703 which were 533 (43%) less than the conditioned working hours of 1,236 (Note 11) for that year.

Note 11: The conditioned working hours for 2008-09 were calculated by deducting from 1,460 hours (i.e. $28 \times 365/7$) the hours of the 14-day general holidays (i.e. $6 \text{ hours} \times 14$) and the 5-week annual leave (i.e. $28 \text{ hours} \times 5$).

Table 9
Actual working hours for 2008-09

Staff	Actual working hours (a)	Shortfall in working hours (in comparing with conditioned hours)	
		(b) = 1,236 - (a)	(c) = $\frac{(b)}{1,236} \times 100\%$ (%)
Principal 1	716	520	42%
Principal 2	719	517	42%
Principal 3	709	527	43%
Assistant principal 1	715	521	42%
Assistant principal 2	720	516	42%
Assistant principal 3	763	473	38%
Musician 1	691	545	44%
Musician 2	662	574	46%
Musician 3	615	621	50%
Musician 4	611	625	51%
Musician 5	696	540	44%
Musician 6	695	541	44%
Musician 7	696	540	44%
Musician 8	745	491	40%
Musician 9	679	557	45%
Musician 10	705	531	43%
Musician 11	738	498	40%
Musician 12	701	535	43%
Musician 13	715	521	42%
Musician 14	775	461	37%
Total	14,066	10,654	—
Average	703	533	43%

Source: Audit analysis of HKCO data

4.5 Both the analyses of duty rosters and attendance records (Tables 8 and 9) indicated that there were spare artistic staff resources that had not been put to beneficial use in 2008-09. Audit reviewed the deployment of artistic staff on different activities. According to Table 8, of the 375 working hours scheduled for the four months, 287 (250 + 37) were related to performances and rehearsals. There were only 22 working hours for outreach community activities. Outreach community activities are important for the promotion and education of Chinese music (see para. 1.8) which in turn would help expand the audience base of the orchestra. In 2008-09, the HKCO organised 75 outreach community activities, of which 40 (53%) had artistic staff's input (Note 12). In total, artistic staff worked 1,014 hours on these activities. The HKCO needs to put spare artistic staff resources to beneficial use, such as engaging them more on outreach community activities.

Annual leave

4.6 According to their employment contracts (see para. 4.2(b)), the artistic staff are entitled to 35 days of annual leave for each contract year (from September to August of the following year). It is the usual practice of the HKCO to arrange the artistic staff to take their annual leave mainly during the summer recess of the orchestra (August and early September). In an examination of the annual leave records for four contract years (2005-06 to 2008-09), Audit found that the artistic staff were granted more leave than their entitlement in three years (see Table 10). There was no record showing the justification for the excess annual leave granted. The HKCO needs to tighten the control in this regard.

Note 12: *Artistic staff were mainly involved in delivering performances, talks and music appreciation workshops for 40 outreach community activities. The remaining 35 (75 – 40) activities manned by administration staff were mainly co-organised music programmes (for which the HKCO played a liaison and administrative role) and guided-tours of the backstage.*

Table 10

**Annual leave granted per artistic staff
(Contract years 2005-06 to 2008-09)**

Contract year	Annual leave granted (a)	Excess over entitlement (b) = (a) - 35 days
2005-06	37 days	2 days
2006-07	40 days	5 days
2007-08	36 days	1 day
2008-09	35 days	0 day

Source: HKCO records

Time off for overtime work

4.7 According to their employment contracts, the artistic staff will be granted time off for the equivalent hours of overtime worked in excess of the stipulated 28 hours a week. In an examination of the attendance records for December 2008, Audit found that for the week from 14 December (Sunday) to 20 December (Saturday), the artistic staff worked less than the stipulated 28 hours (Note 13). However, they were granted time off on the following two occasions which were not consistent with the contract provisions:

- (a) for a rehearsal session held in the afternoon of 18 December 2008, the HKCO record showed that the actual practising time exceeded the scheduled 3 hours by 3 minutes but one-day time off was granted to all participating artistic staff; and
- (b) for another rehearsal session held in the afternoon of 19 December 2008, the HKCO record showed that 2-day time off was granted to all participating artistic staff, i.e. one day for their good performance during the session and another day for the anticipated 30-minute overtime work due to the early start of the following day's rehearsal (before performance) at 7:00 p.m. instead of the originally scheduled 7:30 p.m.

Note 13: As shown in Table 8 in paragraph 4.3, their scheduled working hours for December 2008 were also less than the conditioned working hours.

The HKCO needs to remind all supervisors to check that their subordinate staff have worked in excess of the conditioned working hours before granting them time off for the equivalent hours of overtime work.

Audit recommendations

4.8 Audit has *recommended* that the HKCO should:

Utilisation of artistic staff resources

- (a) closely monitor the working hours of artistic staff to ensure that they are gainfully employed in accordance with the employment contract provisions;
- (b) put any spare artistic staff resources to beneficial use, such as engaging them more on outreach community activities;

Annual leave

- (c) tighten the control over annual leave to ensure that staff are not granted more leave than their entitlement; and

Time off for overtime work

- (d) remind all supervisors to check that their subordinate staff have worked in excess of the conditioned working hours before granting them time off for the equivalent hours of overtime work.

Response from the HKCO

4.9 The HKCO welcomes the audit recommendations. The Council Chairman, HKCO has said that:

- (a) the HKCO will explore the possibility of putting artistic staff to beneficial use whenever possible;
- (b) for the most part of the preparation for a concert, many musicians work on their own rather than at a designated venue. This is in line with international and national practices, and common to western music groups as well;

- (c) the working hours, leave and overtime work arrangements as stipulated in the employment contracts are to protect the rights of the musicians and the orchestra. The working hours for group rehearsals are only the minimum to ensure that there is an assured amount of time for group rehearsals to meet with the artistic requirements in line with international practices;
- (d) it is difficult to quantify the “working hours” of these individual practice sessions. To give an example, for a concert to be staged in March 2010 at the Hong Kong Arts Festival, musicians are required to play 298 pages of new scores. On average, it takes 30 minutes to one hour for a musician to analyse and become familiar with one page of a new or difficult score. Therefore, a total of 149 (298×0.5) hours are required in addition to the 28-hour per week rehearsals for this concert. In an effort to popularise and modernise classical Chinese music, the HKCO has commissioned over 1,900 new pieces, which have been widely recognised. Therefore, musicians will need to devote considerable time in practising new compositions;
- (e) the 28 hours of group rehearsals per week do not take into account self-practices and small group rehearsals, as well as publicity and outreach work such as individual recitals, interviews and shooting and meetings (Note 14);
- (f) there are also other constraints resulting in the shortfall of working hours. School holidays, western festive activities at shopping malls by other organisations, and a lack of venues available for performances are some of the contributing factors. December, for instance, is an “especially slow” month for the HKCO as schools are on holiday and shopping malls are usually occupied with Christmas events; and
- (g) in arts management, time off will be provided on a day when regular concerts or outreach activities cannot be arranged due to reasons stated above. The HKCO used to pay for overtime work, which posed pressure on its expenditure. Such pressure was alleviated by introducing the time-off system, following the cultivation of a congenial rapport with the trade union and staff.

Note 14: *In the analyses of scheduled working hours (Table 8 in para. 4.3) and actual working hours (Table 9 in para. 4.4), Audit has included the time of performances, rehearsals, outreach community activities, self-practices, meetings and other activities as shown in HKCO records.*

Work deployment of outgoing artistic staff

4.10 According to the employment contract terms, the HKCO shall agree with an artistic staff on renewal matters three months before the expiry of his existing contract. At its meeting held on 15 May 2009, the Council considered whether to renew some artistic staff's contracts which would expire on 31 August 2009. After discussion, it was decided not to renew the contracts with three artistic staff.

4.11 On 10 June 2009, the ED reported to the Council that:

- (a) the three staff concerned had been informed that their contracts would not be renewed;
- (b) they had not participated in the HKCO performances since mid-May 2009 and would continue to be so till end of August 2009; and
- (c) the vacancy left by one of the staff would be filled up by an acting appointment.

Audit observations and recommendation

4.12 The three outgoing artistic staff were paid \$323,000 salaries from mid-May to end of August 2009 but were not assigned any duties during this period. This might not be a desirable arrangement from the value for money point of view. The HKCO needs to gainfully employ its outgoing staff up to the end of their contract periods. Where there are practical difficulties to do so, the HKCO needs to explore ways to minimise any nugatory expenditure. In this connection, Audit notes that there is a provision in the employment contract for either party to terminate the contract by giving one-month advance notice or paying one-month salary in lieu.

4.13 According to the Council minutes and papers, during its meeting on 15 May 2009, the Council was not informed of the arrangement that the three outgoing artistic staff would not be assigned any duties for the remainder of their contract periods while continued to receive salaries. In February 2010, in response to Audit's enquiry, the HKCO said that the Council was fully aware of the arrangement. In Audit's view, such information should have been properly recorded to demonstrate that the Council had made an informed decision. The audit recommendation on improving documentation of the Council's approval (see para. 3.25(e)) also applies in this case.

Audit recommendation

4.14 Audit has *recommended* that the HKCO should ensure that outgoing staff are gainfully employed up to the end of their contract periods and, where there are practical difficulties to do so, explore ways to minimise any nugatory expenditure.

Response from the HKCO

4.15 The HKCO welcomes the audit recommendation. The Council Chairman, HKCO has said that:

- (a) a 360 degree assessment system and a state-of-the-art annual review mechanism have been introduced to ensure that the HKCO's musicians perform to world-class artistic standards and adhere to good discipline. This is likely to be the most scientific and systematic assessment of performance in Chinese orchestral management; and
- (b) the HKCO will look into the audit recommendation and explore ways to minimise any nugatory expenditure, balancing against the need to be sensitive to the effect any dismissal/termination of contract may have on individuals, and the morale of the company as a whole.

Duty visits outside Hong Kong

Air passage

4.16 In 2003, the HKCO stipulated in the Human Resources Manual that for duty visits outside Hong Kong, Economy class air passage should be provided for Council members (including Chairman and Vice-chairmen) and staff (up to the AD and the ED). The Manual also provided that the air passage for the AD could be upgraded to Business class if he had to perform conductor duty.

4.17 *April 2009 amendment.* In March 2009, the Human Resources Committee approved the administration department's paper which set out the proposed amendment to the Human Resources Manual such that Business class air passage should be provided for Council representatives, the AD and the ED on duty visits if the flight duration was 6 hours or more. The same paper was presented to the Council in April 2009. After discussion, the Council approved the proposed amendment (as set out in the paper) subject to replacing the wording of "if the flight duration was 6 hours or more" by "to countries outside Asia".

4.18 In November 2009, the HAB provided the HKCO with an information note on the Government's and other subvented bodies' air passage guidelines for duty visits outside Hong Kong (see Table 11).

Table 11

Government's and other subvented bodies' air passage guidelines

Organisation	Staff	Class of air passage
HAB	Directorate officers at D4 to D8 or equivalent	Business class, but officers are encouraged to travel on Economy class for short flights where the flying time is less than 4 hours.
	Directorate officers at D3 and below or equivalent	Economy class, may be upgraded to Business class if flying time exceeds 9 hours but have to seek approval on a case by case basis.
Subvented Body A	Staff including Chief Executive (equivalent to D2)	Economy class
Subvented Body B	Staff at pay scale equivalent to D4 or above	Business class, but staff are encouraged to travel on Economy class for short flights where the flying time is less than 4 hours.
	Staff at pay scale equivalent to below D4	Economy class, may be upgraded to Business class under special circumstances but have to seek approval on a case by case basis.

Source: HAB records

4.19 *December 2009 amendment.* In December 2009, as directed by the Council, the Human Resources Committee discussed the above HAB information note. The following are extracts of the minutes of the meeting:

- (a) *HAB information note.* Some committee members considered that the guidelines mentioned in the HAB information note were too stringent. It was difficult to compare the HKCO with the Government and other arts groups. For the HKCO's performance tours, the tour leaders often had to work or make important decisions upon arrival. Business class air passage for them was necessary and consistent with the international standing of the HKCO. The Human Resources Manual should differentiate between performance tours and other duty visits; and

- (b) *Amendment to Human Resources Manual.* The committee considered that the air passage provision for Council representatives, the AD and the ED as stated in the Manual (see para. 4.17) could not accurately reflect the HKCO's policy. The Manual should be amended such that they were to be provided with Business class air passage for overseas performance tours.

At a meeting of January 2010, the Council endorsed the above amendment. The Council Chairman stated that the HKCO would keep the matter under regular review, with reference to the HAB information note and other orchestral groups' practices.

Lodging provision

4.20 According to the Human Resources Manual of 2003, the lodging provision for duty visits outside Hong Kong was as follows:

Table 12

Lodging provision for duty visits
(before April 2009)

Participant	Accommodation
Council Chairman / Vice-chairmen	Single room or suite
Council members, AD (Note), ED and assistant conductor	Single room
All other staff	Double room

Source: HKCO records

Note: The AD would be entitled to a suite if he had to perform conductor duty.

In April 2009, the HKCO amended the Human Resources Manual such that Council representatives, the AD and the ED would be entitled to single room or suite (depending on the hosting organisation's arrangement) and section leaders, managers or above would be entitled to single room on duty visits outside Hong Kong. In December 2009, the HKCO further amended the Human Resources Manual such that Council representatives, the AD and the ED would be entitled to suite for overseas performance tours.

Audit observations and recommendations

Air passage

4.21 *Non-compliance cases.* According to the Human Resources Manual (before the April 2009 amendment), Economy class air passage should be provided for Council members and all staff on duty visits outside Hong Kong (see para. 4.16). Based on a sample checking of the government-subsidised duty visits in 2007 and 2008, Audit found that there were cases of non-compliance, as follows:

Table 13

Air passage for duty visits

Duty visit	Date	Class of air passage	Cost
Performance tour in New Zealand	September 2007	Business class for the ED	\$25,417
Performance tour in Beijing	January 2008	Business class for the ED	\$7,687
Performance tour in the United Kingdom	March 2008	Business class for a Council member and the ED	\$39,012

Source: HKCO records

Remarks: The cost of the performance tour in New Zealand was met by the Government. As for the performance tours in Beijing and the United Kingdom, government funding accounted for 40% and 58% respectively of the expenditure.

4.22 *Guideline review.* After the two amendments in 2009, some of the HKCO's air passage guidelines for duty visits outside Hong Kong are more favourable than those adopted by the Government and other subvented bodies as follows:

- (a) *AD and ED.* They are entitled to Business class air passage for overseas performance tours (see para. 4.19(b)). However, staff of comparable rank to the AD and the ED in the Government and other subvented bodies listed in Table 11 in paragraph 4.18 are only entitled to Economy class air passage; and

- (b) *Council representatives.* They are entitled to Business class air passage in a similar way as the ED (see para. 4.19(b)). However, Council members of Subvented Body A (including its Chairman) are only entitled to Economy class air passage.

4.23 While there is no specific stipulation that the HKCO has to follow the Government's and other subvented bodies' air passage guidelines, the HKCO is required under the FSA to ensure value for money in using the subvention (see para. 1.6(b)). After the April 2009 amendment, the Human Resources Manual has provided for Business class air passage for Council representatives, the AD and the ED on duty visits to countries outside Asia. In Audit's view, such an arrangement already caters for their operational need as tour leaders after long haul flights (see para. 4.19(a)). The HKCO needs to review the appropriateness of categorically providing Business class air passage for Council representatives, the AD and the ED for all overseas performance tours (see para. 4.19(b)).

Lodging provision

4.24 *Non-compliance cases.* According to the Human Resources Manual (before April 2009), the ED should be accommodated in a single room on duty visits outside Hong Kong while staff members (below the level of ED and assistant conductor) should be accommodated in double rooms (see Table 12 in para. 4.20). Based on a sample checking of the government-subsidised duty visits in 2007 and 2008, Audit found that there were cases of non-compliance, as follows:

Table 14

Lodging provision for duty visits

Duty visit	Date	Accommodation	Cost
Performance tour in New Zealand	September 2007	Suite for the ED and single room for 5 staff below the level of ED and assistant conductor (i.e. a manager and 4 artistic staff at or above section leader level)	\$28,900 (Note)
Performance tour in the United Kingdom	March 2008	Single room for 5 staff below the level of ED and assistant conductor (i.e. the Head of Programme and Touring, the R&D officer and 3 artistic staff at or above section leader level)	\$49,900

Source: HKCO records

Note: The cost information was obtained from the Hong Kong Economic and Trade Office (Sydney), the hosting organisation. The accommodation arrangements were made upon the HKCO's advice.

Audit recommendations

4.25 Audit has recommended that the HKCO should:

- (a) ensure that the laid-down guidelines on air passage and lodging provision for duty visits outside Hong Kong are strictly complied with; and
- (b) review the appropriateness of providing Business class air passage for Council representatives, the AD and the ED for all overseas performance tours, and where necessary, consult the HAB.

Response from the HKCO

4.26 The HKCO welcomes the audit recommendations. The Council Chairman, HKCO has said that:

- (a) the HKCO will carry out the recommended review with reference to HAB's information and other orchestral groups' practices;
- (b) in December 2009, the HKCO's Human Resources Committee ratified the HKCO's guidelines to tie in with its existing policy regarding air passage and lodging provision for performance tours as opposed to duty visits;
- (c) duty visits refer to administration meetings and cultural exchange activities, and guidelines for air passage and lodging provision were laid down. For overseas performance tours, the HKCO's Head of Programme and Touring, based on industry practice, will discuss with the organiser or sponsor about the air passage and lodging provision, and will make arrangements based on their advice; and
- (d) in the cases mentioned in Tables 13 and 14, the HKCO respected the organisers' consideration based on their budget and the desire for the HKCO to be positioned consistently with its international standing.

Management of research and development officer

4.27 In 2003, with a view to raising Chinese music to a higher level, the HKCO considered it necessary to have musical instruments of the highest standard and formulated the following instrument R&D objectives:

- (a) to compile and update records on the manufacturing of folk instruments in various parts of the world;
- (b) to explore the impact of the "e-age" on the making of traditional folk instruments and their improvements; and
- (c) to promote the use of improved and newly invented folk instruments within the HKCO.

4.28 In September 2003, the HKCO appointed a principal musician (Note 15) as its R&D officer, working directly under the AD. The R&D officer was appointed on two-year contract terms. Since September 2003, his contract has been renewed three times (i.e. in September of 2005, 2007 and 2009). In 2008-09, the HKCO's recurrent expenditure on R&D work amounted to about \$800,000 (Note 16).

Note 15: *As informed by the HKCO in February 2010, the principal musician has achieved a sound record and won awards in research work of Chinese musical instruments.*

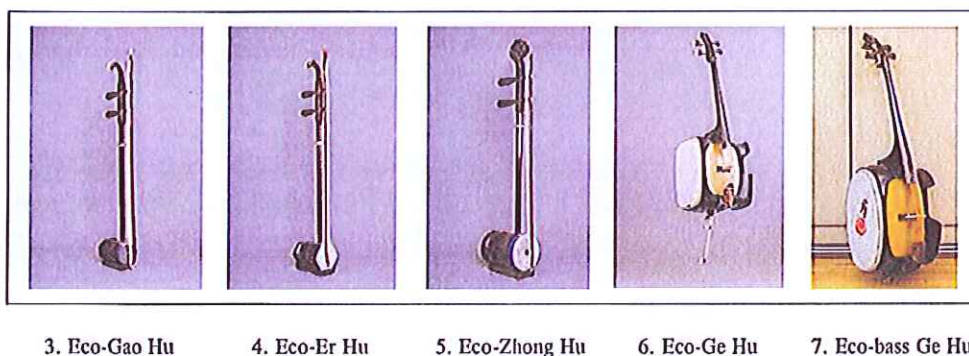
Note 16: *The recurrent expenditure comprised the R&D officer's remuneration, the rental of an R&D workshop (see para. 4.32(c)) and other direct expenses.*

Research work

4.29 The duties of the R&D officer, as set out in his contract, included the reporting of progress of research work at six-monthly intervals. As regards the R&D officer's research areas, the first two contracts (covering the period September 2003 to August 2007) named bass bowed-string instrument (i.e. Ge Hu) as one of the priorities. In the progress report of October 2005, the R&D officer informed the HKCO that he would commence research work on a series of "Eco-Hu Qin" (comprising Eco-Gao Hu, Er Hu and Zhong Hu in addition to Eco-Ge Hu as stated in his contract — see Photographs 3 to 7).

Photographs 3 to 7

Eco-Hu Qin series



Source: Photographs provided by HKCO

Remarks: For an Eco-Hu Qin, a recyclable latex membrane is used to mount the soundbox instead of python skin used in a traditional Hu Qin. The import of python is regulated under the Protection of Endangered Species of Animals and Plants Ordinance (Cap. 586).

4.30 In March 2007, the administration department sought the Human Resources Committee's approval for the renewal of the R&D officer's employment contract for a third term. The committee was informed that:

- (a) the R&D work on Eco-Ge Hu was at an advanced stage and the proposed renewal of contract was to enable the R&D officer to complete the outstanding work. According to the then prevailing contract, the intellectual property right of Eco-Ge Hu (a contract specified research item) belonged to the HKCO; and

- (b) the R&D officer also spent his own time and money on developing Eco-Gao Hu, Er Hu and Zhong Hu. He proposed equal sharing of profit with the HKCO for the commercialisation of these products (Note 17).

After discussion, the committee approved the renewal of the R&D officer's employment contract, and directed the administration department to reimburse him the research cost (including equipment and material cost) so that the HKCO would have the intellectual property right of the entire Eco-Hu Qin series.

4.31 In April 2007, the R&D officer informed the Council that:

- (a) he had not kept supporting receipts for all his expenses on his research work of Eco-Gao Hu, Er Hu and Zhong Hu;
- (b) for those expenses without supporting receipts, he could only provide the market price of his 36 research products (i.e. 12 pieces of Eco-Gao Hu, 15 pieces of Eco-Er Hu and 9 pieces of Eco-Zhong Hu) as a reference; and
- (c) he had all along carried out his research work at home. The intermediate research products took up a lot of space and he needed a workshop of about 400 square feet to continue his research work.

4.32 After discussions by the Human Resources Committee, the Finance and Audit Committee and the Council, the HKCO:

- (a) agreed to pay the R&D officer \$350,000 for the 36 research products, the related intellectual property right, equipment and materials, after checking that the market price of professional Hu Qin made of the same kind of wood was double that asked by him;
- (b) in November 2007, incorporated (by way of a supplementary agreement) a term in his employment contract specifying that the intellectual property right of all his research products during his employment period belonged to the HKCO; and
- (c) in September 2008, rented a commercial unit (at a monthly rental of \$11,000) for the R&D officer as his workshop after receiving sponsorship from a private foundation.

Note 17: *The then prevailing contract terms only provided for an incentive payment of less than 10% on the sale proceeds of any research product.*

Audit observations and recommendations

4.33 *Control over research expenses.* In October 2005, the R&D officer informed the HKCO that he would commence research work on Eco-Gao Hu, Er Hu and Zhong Hu which were not specifically named as research items in the employment contract. However, the HKCO had not promptly sorted out with him the intellectual property right issue and the cost implications. It was not until March 2007, when the HKCO considered the renewal of the R&D officer's employment contract, that the matter was brought up for discussion. By this time, research cost had already been incurred without any prior approval or budgetary control. In the event, the HKCO paid \$350,000 for the 36 research products, the related intellectual property right, equipment and materials. Of the \$350,000 payment, over 70% was related to expenditure claims without supporting receipts (see para. 4.31(a)). From the financial control point of view, there was room for improvement.

4.34 *Monitoring of work progress.* The conditioned working hours of the R&D officer changed from 44 hours a week (same as other administration staff) in the first contract to 28 hours a week (same as other artistic staff) in the second contract and finally to flexible working hours in the third and fourth contracts. Upon Audit's enquiry in January 2010, the ED said that the change was to reflect the nature of research work which could not be meaningfully controlled by fixed working hours. In Audit's view, with the diminished control over the R&D officer's input working hours, the management of his research output became more important. However, milestone dates were not set in the four employment contracts (September 2003 to August 2011) for measuring progress. Audit also examined the annual performance appraisal reports of the R&D officer for the past six years. There was again no milestone date set in these reports except the one dated April 2008 (i.e. estimated completion dates of Eco-Ge Hu and Eco-Hu Qin series were stated). As such, there was no assurance that the progress of R&D work in the past six years (in respect of the three types of musical instruments named in the contracts as priority research areas) was up to expectation (see Table 15).

Table 15
Progress of R&D work
(December 2009)

Musical instrument	Priority research area stated in R&D officer's contracts	Reporting of progress
Yang Qin (hammered-string instrument)	<p><u>1st contract (Sept. 2003 — Aug. 2005):</u></p> <ul style="list-style-type: none"> To resolve the damper problems of Yang Qin <p><u>2nd to 4th contracts (Sept. 2005 — Aug. 2011):</u></p> <ul style="list-style-type: none"> To search for the finest Yang Qin products among manufacturers in the Mainland, and make recommendations to the HKCO 	<ul style="list-style-type: none"> It was only mentioned in a progress report of 2005 that some repair work of Yang Qin was done for the orchestra. No new product had been developed.
Hu Qin (bowed-string instrument)	<p><u>1st to 2nd contracts (Sept. 2003 — Aug. 2007):</u></p> <ul style="list-style-type: none"> To improve bass bowed-string instruments (Ge Hu) <p><u>3rd to 4th contracts (Sept. 2007 — Aug. 2011):</u></p> <ul style="list-style-type: none"> To improve the Eco-Hu Qin series (Gao Hu, Er Hu, Zhong Hu, Ge Hu and bass Ge Hu) 	<ul style="list-style-type: none"> There was regular reporting of research progress from 2005 to 2009. Eco-Ge Hu and bass Ge Hu were developed in September 2008 and March 2009 respectively.
Ruan (plucked-string instrument)	<p><u>2nd to 4th contracts (Sept. 2005 — Aug. 2011):</u></p> <ul style="list-style-type: none"> To refine the quality of Ruan instruments 	<ul style="list-style-type: none"> Research progress was mentioned in two reports of 2005 and one report in 2007. No new product had been developed.

Source: HKCO records

Audit recommendations

4.35 *Audit has recommended that the HKCO should:*

- (a) for a new R&D initiative outside the scope of the R&D officer's employment contract, agree with him appropriate contract terms for managing key issues such as intellectual property right and research cost before commencing the work; and
- (b) set milestone dates in the R&D officer's employment contract for measuring the progress of his work.

Response from the HKCO

4.36 The HKCO welcomes the audit recommendations. The Council Chairman, HKCO has said that:

- (a) the HKCO originally planned to conduct research work on Ge Hu and bass Ge Hu, which were identified as the priority pieces of the Hu Qin series. Subsequently, the R&D officer took the initiative to develop Gao Hu, Er Hu and Zhong Hu;
- (b) since the R&D officer was not certain if the development work of Gao Hu, Er Hu and Zhong Hu would be successful, he had paid for all the expenses incurred. The HKCO was impressed with the results of the R&D initiative, and upon professional legal advice, the HKCO entered into an agreement with the R&D officer to recover the intellectual property right of the products, and to reimburse the R&D officer of all the expenses incurred for producing the products; and
- (c) the HKCO will review and introduce better project and budget management regarding its R&D undertaking. The HKCO will also closely monitor the progress of R&D projects to ensure that they are going according to plan.

PART 5: OTHER ADMINISTRATIVE ISSUES

5.1 This PART examines the following administrative issues of the HKCO:

- (a) procurement and tendering procedures (paras. 5.2 to 5.10);
- (b) fixed asset management (paras. 5.11 to 5.19);
- (c) insurance cover for Council members (paras. 5.20 to 5.24); and
- (d) entertainment expenses (paras. 5.25 to 5.28).

Procurement and tendering procedures

5.2 In 2008-09, the HKCO spent about \$10 million on procuring goods (such as musical instruments) and services (such as copying of music scores). According to its Accounting Manual, the HKCO's procurement procedures are as follows:

- (a) *Tendering.* For purchases exceeding \$250,000, the administration staff concerned have to make the purchases through tendering;
- (b) *Quotations from nominated suppliers.* For purchases not exceeding \$250,000 but the annual consumption of the goods/services exceeds \$100,000 in cumulative value, the administration staff have to obtain quotations from nominated suppliers. The HKCO selects nominated suppliers by an annual evaluation exercise. The number of quotations to be obtained from nominated suppliers are: 3 written ones for single purchase over \$30,000 up to \$250,000, a written one for single purchase over \$10,000 up to \$30,000 and a verbal one for single purchase of \$10,000 and below;
- (c) *Quotations from non-nominated suppliers.* For purchases other than those specified in (a) and (b) above, the number of quotations to be obtained from non-nominated suppliers are: 3 written ones for single purchase over \$20,000 up to \$250,000, 2 written ones for single purchase over \$5,000 up to \$20,000, and a verbal one for single purchase of \$5,000 and below; and
- (d) *Approving authority for purchases.* The Council's approval is required for any purchase exceeding \$250,000. The Council has delegated the approving authority to the Finance and Audit Committee for purchases over \$100,000 up to \$250,000, the AD or the ED for purchases over \$20,000 up to \$100,000, and designated administration staff for purchases of \$20,000 and below.

Audit observations and recommendations

Annual selection of nominated suppliers

5.3 In an evaluation exercise for selecting nominated suppliers, the HKCO invites suppliers by goods/services types to submit quotations. Their quotations are evaluated in terms of price and service quality. A supplier with satisfactory evaluation results is selected as a nominated supplier. Audit reviewed the evaluation exercise conducted in mid-2009 for the supply of 12 types of goods/services for the 33rd orchestral season (see para. 5.6(a)). Audit found that for 7 types of goods/services (e.g. stationery and courier service), the HKCO invited a small number (i.e. 3 or 4) of suppliers to provide quotations. In the event, only one or two nominated suppliers were selected for each of these 7 types of goods/services.

5.4 The 7 types of goods/services for which the HKCO had only invited 3 or 4 suppliers to provide quotations appear to be common in the market and there should be more choices available. The HKCO needs to invite more suppliers to participate in its annual evaluation exercise for selecting the best available nominated suppliers.

5.5 According to the Accounting Manual, for single purchase over \$30,000 from nominated suppliers, 3 written quotations have to be obtained (see para. 5.2(b)). To meet this requirement, for goods/services types with less than 3 selected nominated suppliers, the HKCO has to obtain written quotations from some other suppliers. The HKCO needs to increase the number of nominated suppliers.

Tendering exercises

5.6 While the Accounting Manual has set out the financial limit over which a purchase has to be made through tendering, there are no laid-down tendering procedures. In 2009, the HKCO conducted three tendering exercises for procuring three types of services (i.e. video-shooting and audio-recording, copying of music scores, and transport of musical equipment) respectively. For the tendering exercise for video-shooting and audio-recording services, Audit found that:

- (a) the services were required for the 33rd orchestral season beginning in September 2009. However, the tendering exercise was conducted in August 2009. The invitation to tender was advertised on 22 August 2009 in one newspaper (instead of two as in 2008). The prospective suppliers were only allowed one week (i.e. up to 28 August 2009) to submit tenders (instead of two weeks as in 2008); and

- (b) in the event, only one tender was received from the then existing supplier who was selected without competition.

5.7 For the proper conduct of tendering exercises in future, the HKCO needs to set out clearly the tendering procedures for the administration staff to follow. These should include the requirements of adequate planning to allow sufficient time for suppliers to submit their tenders, and advertising of invitation of tenders in the specified number of newspapers.

Approval for purchases

5.8 Audit sample checked the approving authority for 18 purchases of goods/services in 2008-09 and 2009-10 (up to September 2009). Audit found that 3 of the purchases (valuing between \$100,000 and \$250,000 each) were approved by the ED. According to the Accounting Manual, these purchases should have been approved by the Finance and Audit Committee (see para. 5.2(d)). The Council/committee was only informed of the 3 purchases after payments had been made. The HKCO needs to remind administration staff to strictly follow the laid-down procurement procedures.

Audit recommendations

5.9 Audit has *recommended* that the HKCO should:

- (a) invite more suppliers to participate in its annual evaluation exercise for selecting nominated suppliers;
- (b) set out clearly the tendering procedures for the administration staff to follow; and
- (c) remind administration staff to strictly follow the laid-down procurement procedures.

Response from the HKCO

5.10 The HKCO welcomes the audit recommendations. The Council Chairman, HKCO has said that the HKCO will keep the procurement procedures under constant review.

Fixed asset management

5.11 According to the Accounting Manual, all purchased items to be used in the normal course of business with cost not less than \$5,000 each and having a useful life greater than one year should be treated as fixed assets. The administration staff are required to:

- (a) maintain a fixed asset register to record the addition, movement and disposal of fixed assets;
- (b) attach a fixed asset tag to individual fixed asset for control purposes; and
- (c) in respect of an asset to be disposed of, complete a fixed asset disposal form for the ED's final approval.

5.12 The HKCO's fixed assets mainly include furniture and equipment, and musical instruments. As a case study, Audit reviewed the HKCO's fixed asset management of a batch of drums purchased in 2003 at a cost of \$976,000 for the first Drum Festival.

5.13 *First Drum Festival.* In 2003, the HKCO organised the first Drum Festival. With Government's sponsorship, the HKCO presented the opening drum rally of the Festival as part of the Economic Relaunch Programme (Note 18). For the performance of the drum rally held in July 2003, the HKCO purchased 1,975 drums of various sizes (see Photographs 8 and 9 for two examples). The largest one (measuring 3.5 metres (m) in diameter) cost \$198,000 and the smallest ones (measuring 23 centimetres (cm)) cost \$200 each.

Note 18: *The Economic Relaunch Programme was organised by the Government to re-launch Hong Kong's economy after the Severe Acute Respiratory Syndrome outbreak in 2003.*

Photographs 8 and 9

Drums purchased for the first Drum Festival (2003)



45-cm Bian Gu

23-cm Tang Gu

Source: Photographs taken by Audit

5.14 *Storage of drums.* The HKCO did not have enough storage space for the 1,975 drums. In October 2003, the Council requested the LCSD (through the department's representative at Council meetings) to assist in finding suitable storage space in government premises, but to no avail. In the event, the HKCO rented storage space (mainly containers) in Yuen Long for storing the drums. From mid-2003 to end of 2009, the HKCO spent \$617,000 on storage rentals. The rental decreased from about \$14,300 a month in 2003 to about \$4,500 a month in 2009, as 1,776 (90%) of the 1,975 drums had been disposed of over the years (see Appendix G for details).

Audit observations and recommendations

5.15 *No record in fixed asset register.* According to the Accounting Manual, items purchased with cost not less than \$5,000 each and with a useful life greater than one year should be treated as fixed assets. However, the acquisition of the 1,975 drums and their subsequent disposals were not recorded in the fixed asset register, although 3 of them cost over \$5,000 each (i.e. the largest one at \$198,000 and the two second largest ones at \$7,500 each). The remaining 1,972 drums, though costing less than \$5,000 each, had an aggregate value of \$763,000.

5.16 *Discrepancies in drum stock.* Over the past 6.5 years, the HKCO only conducted stock-taking of the drums once (in November 2009). According to the stock-take, there were 154 drums as at 30 November 2009. In the absence of an up-to-date ledger balance of the drums in the fixed asset register, Audit could only derive one, based on the opening position (i.e. 1,975 drums) and the disposals as recorded by the administration department, for checking against the stock-take balance. The checking revealed that there were discrepancies in 10 of the 13 types of drums (see Appendix H for details). Audit could not ascertain whether the discrepancies were due to physical loss of the drums or incomplete/inaccurate disposal records. This was because the write-off of the 623 damaged drums was not supported by fixed asset disposal forms (see para. 5.11(c)).

5.17 *No disposal plan for excessive drums.* According to the HKCO administration department, the number of drums used for the second and subsequent Drum Festivals varied from tens to a few hundreds. The 1,975 drums purchased for the first Drum Festival were excessive to the HKCO's normal requirement. However, there was no record showing that the HKCO had assessed the number of surplus drums in 2003 and formulated a disposal plan. In the event, storage cost totalling \$617,000 was incurred and 623 (32% of the 1,975) drums were damaged by moulds and wood-boring insects before they could be properly disposed of by sale or donation (see Appendix G).

Audit recommendations

5.18 *Audit has recommended that the HKCO should:*

- (a) remind the administration staff to strictly follow the laid-down fixed asset management guidelines in handling musical instruments;
- (b) consider amending the guidelines to include large batch of musical instruments with significant aggregate value as fixed assets for proper management control;
- (c) require the administration staff to conduct regular stock-taking of valuable assets; and
- (d) for any assets procured specifically for a major event (such as the drums in this case), promptly assess their potential for future use and formulate a plan for the expeditious disposal of any surplus stock to minimise storage cost and wastage.

Response from the HKCO

5.19 The HKCO welcomes the audit recommendations. The Council Chairman, HKCO has said that:

- (a) the drums were purchased for the opening rally of the first Drum Festival which was part of the Economic Relaunch Programme in 2003 and was considered to be a one-off project;
- (b) the HKCO had enquired about storage space for the drums with the LCSD to minimise the storage cost but was told that such provision was not available (see para. 5.14);
- (c) since then, the drums have been put to productive use in various ways, including concerts. Furthermore, some drums have been sold or donated (see Appendix G);
- (d) the rental cost had in fact decreased from \$14,300 a month to \$4,500, reflecting a reduction in the number of drums. The \$600,000 plus is the accumulated rental costs of the past seven years (see para. 5.14); and
- (e) the HKCO will consider registering the drums as fixed assets and will continue to find ways to put them to productive use.

Insurance cover for Council members

5.20 According to the Human Resources Manual, the HKCO procures insurance policies for the protection of its Council members and employees as shown in Table 16.

Table 16

Insurance policies

Insurance type	The insured	Coverage
(a) Medical	(i) Council members	Surgical and hospital expenses arising from attending the HKCO activities
	(ii) Employees	Out-patient, surgical and hospital benefits
	(iii) Employees' dependants	Out-patient, surgical and hospital benefits
(b) Employee compensation	Employees	Statutory benefits
(c) Accident	Council members	HK\$1 million, arising from attending the HKCO activities
(d) Director and officer liability	HKCO, Council members and employees	HK\$10 million

Source: HKCO records

Audit observations and recommendation

5.21 Audit found that:

- (a) the medical insurance for Council members (item (a)(i) of Table 16) was provided pursuant to the Human Resources Committee's decision of September 2003 (Note 19). The committee's view was that the HKCO would otherwise have to bear the hospital expenses of Council members in the event of any accident occurring during their attendance at the HKCO activities; and

Note 19: The HKCO informed Audit in March 2010 that the decision was made after a Council member suffered from a heat stroke while attending an outdoor HKCO activity and was sent to hospital.

- (b) the medical insurance procured for Council members, however, covered their surgical and hospital expenses irrespective of whether they arose from attending the HKCO activities or not. The premium for such insurance was \$10,700 in 2009-10. According to the administration department, there is no customised medical insurance policy in the market that only covers Council members' surgical and hospital expenses arising from attending the HKCO activities.

5.22 In Audit's view, the HKCO needs to review the appropriateness of the existing medical insurance procured for its Council members because it is in excess of that intended by the Human Resources Committee (see para. 5.21). Moreover, the excessive provision of medical insurance benefits may not be consistent with the HKCO's Memorandum of Association which provides that no benefits in money or money's worth shall be given by the HKCO to its Council members.

Audit recommendation

5.23 Audit has *recommended* that the HKCO should review the appropriateness of the existing medical insurance procured for its Council members.

Response from the HKCO

5.24 The HKCO welcomes the audit recommendation. The Council Chairman, HKCO has said that:

- (a) Council representatives are often invited to perform their duties at various HKCO events. The HKCO believes that taking out insurance coverage for members is a necessary measure as part of proper risk management but will check if a precise insurance plan is available in the market; and
- (b) the HKCO's intention and principle have always been that Council members will not receive any benefit outside the context of their duties with the HKCO.

Entertainment expenses

5.25 In 2008-09, the HKCO incurred \$170,000 on entertainment expenses. Although the amounts involved were not large, entertainment expenses could be seen as giving some private benefits to individuals. According to the Accounting Manual, the HKCO's guidelines for entertainment expenses are as follows:

- (a) prior verbal approval must be obtained from the ED for organising functions to entertain guests as a courtesy of their support to the HKCO. The spending limits are \$300 per head for lunch and \$400 per head for dinner; and
- (b) claims for reimbursement of entertainment expenses must be approved by the ED. Where the ED also attends an entertainment function, the relevant reimbursement claim should be approved by the Council Chairman or a Vice-chairman. Claims must be accompanied by supporting documents showing the attendees and the purpose of the function.

Audit observations and recommendation

5.26 Audit sample checked entertainment expenses (totalling \$25,000) for 19 functions held in 2009-10. Audit found the following cases of non-compliance with the laid-down guidelines:

- (a) there was no record showing that the ED's prior approval was obtained for incurring entertainment expenses for 4 of the 19 functions; and
- (b) reimbursements of expenses for 14 of the 19 functions were without proper authorisation, i.e. 12 reimbursements relating to functions attended by the ED were without the Council Chairman or a Vice-chairman's approval and the remaining 2 were without the ED's approval.

Audit recommendation

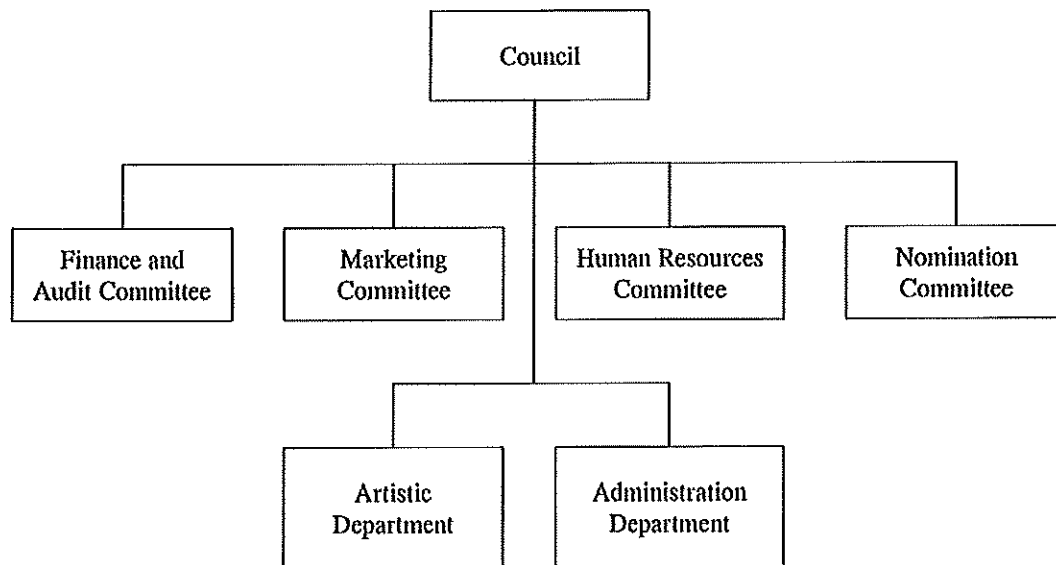
5.27 Audit has *recommended* that the HKCO should ensure that the laid-down guidelines on authorisation of entertainment expenses are complied with.

Response from the HKCO

5.28 The HKCO welcomes the audit recommendation. The Council Chairman, HKCO has said that:

- (a) prior approval for the above-mentioned entertainment expenses was in fact sought and obtained;
- (b) the Chairman was informed and aware of the ED's attendance at these functions on behalf of the HKCO; and
- (c) the HKCO will consider introducing better documentation for prior verbal approval of entertainment expenses in the future.

**Hong Kong Chinese Orchestra Limited
Organisation chart
(1 January 2010)**



Source: HKCO records

Appendix B
(para. 1.12(i) refers)

Comparison of the HKCO's 2001-02 and 2008-09 positions

Financial year	2001-02	2008-09
Government subvention	\$54.7 million	\$53.1 million
Government subvention as a percentage of total income	92%	82%
Number of regular concerts (performances)	17 (33)	31 (50)
Number of outreach community activities	57	75
New initiatives (in addition to staging concerts as its core activities) after incorporation in 2001	<p><i>Education and corporate social responsibility</i></p> <ul style="list-style-type: none"> ➤ Special education projects and workshops for students and the youth ➤ "Chinese Music Alive" Scheme and "Music for Love" Scheme for vulnerable groups ➤ Organisation of children and youth orchestras and instrumental classes ➤ Nurturing young professional talents in Chinese music in collaboration with the Hong Kong Academy for Performing Arts and the Hong Kong Arts Development Council and setting up the HKCO Orchestral Academy ➤ Special projects to nurture young Hong Kong composers ➤ Publication of music appreciation and audio and visual materials <p><i>Research and development</i></p> <ul style="list-style-type: none"> ➤ Commissioning new works by Hong Kong and overseas composers ➤ Research and development of Chinese musical instruments — the Eco-Hu Qin series (see para. 4.29) <p><i>International cultural exchange platform</i></p> <ul style="list-style-type: none"> ➤ Performances at world music stage to promote the cosmopolitan image of Hong Kong as Asia's world city ➤ Building a platform of exchange by organising the International Festival for Chinese Orchestral Music, the International Competition for Chinese Orchestral Composition and Conducting ➤ Promoting Chinese music to youngsters and global audience by setting up the HKCO video channel and through the Internet 	

Source: HKCO response to audit report

Appendix C
(paras. 3.6 and 3.7(d)(ii) refer)

Reported performance results for regular concerts
(2008-09)

Concert	Venue	Number of performances	Maximum audience capacity (a)	Paid audience (persons) (b)	Number of complimentary tickets (c)	Attendance rate (d) = (b)/(a) × 100%	Ticket proceeds (\$)
<i>Core programmes (Core business):</i>							
Concert 1*	HKCO	1	50	20	—	40%	315,799
Concert 2	HKCC	2	2,992	2,505	91	84%	
Concert 3*	HKCO	1	50	26	—	52%	217,475
Concert 4*	HKCO	1	50	33	—	66%	
Concert 5	HKCH	2	2,412	1,749	100	73%	
Concert 6*	HKCO	1	50	18	—	36%	102,655
Concert 7	HKCH	1	1,206	855	50	71%	
Concert 8	HKCC	2	582	576	26	99%	63,744
Concert 9	(Studio Theatre)	3	873	854	39	98%	113,349
Concert 10	HKCC	5	7,480	6,564	300	88%	983,054
Concert 11*	HKCO	1	50	49	—	98%	517,048
Concert 12	HKCC	3	4,488	4,255	180	95%	
Concert 13	HKCH	2	2,412	1,581	100	66%	213,483
Concert 14	HKCC	2	2,992	1,984	120	66%	369,229
Concert 15	HKCC	1	1,496	1,700	60	114%	1,266,900
Concert 16	STTH	1	1,190	556	—	47%	277,779
Concert 17	HKCC	1	1,496	1,110	60	74%	
Concert 18	HKCC	1	1,496	1,261	60	84%	
Concerts 19-21	HKCC (Studio Theatre)	3	873	623	39	71%	85,981
Concert 22	HKCC	2	2,992	2,549	120	85%	364,690
Concert 23	HKCH	1	120	113	—	94%	84,058
Concert 24	HKCH	1	1,206	551	50	46%	

Appendix C
(Cont'd)
(paras. 3.6 and 3.7(d)(ii) refer)

Concert	Venue	Number of performances	Maximum audience capacity (a)	Paid audience (persons) (b)	Number of complimentary tickets (c)	Attendance rate (d) = (b)/(a) × 100%	Ticket proceeds (\$)
Concert 25	HKCC	2	2,992	1,944	120	65%	259,939
Concert 26	HKCH	1	1,206	1,023	50	85%	164,195
Concert 27	STTH	3	720	677	36	94%	63,179
Concert 28	HKCH	2	2,412	2,500	100	104%	345,311
Overall		46	43,886	35,676	1,701	81%	5,807,868
Core programmes (VPS):							
Concert 29	HKCC	1	1,496	1,065	60	71%	329,351
Concert 30	HKCC	1	1,496	1,633	60	109%	
Concert 31	HKCC	2	2,992	2,317	120	77%	47,880
Overall		4	5,984	5,015	240	84%	377,231

Legend: * — Open rehearsals
 HKCC — Hong Kong Cultural Centre Concert Hall
 HKCH — Hong Kong City Hall Concert Hall
 STTH — Sha Tin Town Hall
 HKCO — HKCO Rehearsal Hall

Source: HKCO records

Remarks: The HKCO adopted the following methodology for producing the above reported performance results:

- (i) the maximum audience capacity (column (a)) was a pre-defined audience capacity of the venue (see para. 3.7(d)(ii));
- (ii) the paid audience figure (column (b)) represented the number of tickets sold via the URB TIX, including HKCO-paid complimentary tickets (see para. 3.7(b));
- (iii) the number of complimentary tickets (column (c)) represented the actual number of free complimentary tickets issued by URB TIX (see para. 3.7(a)); and
- (iv) the attendance rate was calculated by dividing the paid audience figure (column (b)) by the pre-defined audience capacity (column (a)), multiplied by 100% (see para. 3.7(d)).

Appendix D
(para. 3.8 refers)

Revised performance results for regular concerts
(2008-09)

Concert	Venue	Number of performances	Revised maximum audience capacity (Note 1) (a)	Revised paid audience (persons — Note 2) (b)	Revised number of complimentary tickets (Note 3) (c)	Actual turnout (Note 4) (d)	Revised attendance rate (Note 5) (e) = (d)/(a) × 100%	Net ticket proceeds and proceeds from HKCO-paid complimentary tickets (f) (g)
Core programmes (Core business):								
Concert 1*	HKCO	1	50	20	—	N/A	—	272,697
Concert 2	HKCC	2	3,129	2,329	267	2,165	69%	※43,102
Concert 3*	HKCO	1	50	26	—	N/A	—	193,427 ※24,048
Concert 4*	HKCO	1	50	33	—	N/A	—	
Concert 5	HKCH	2	2,660	1,557	292	1,689	63%	
Concert 6*	HKCO	1	50	18	—	N/A	—	97,967
Concert 7	HKCH	1	1,327	837	68	825	62%	※4,688
Concert 8	HKCC (Studio Theatre)	2	594	558	36	554	93%	61,101 ※2,643
Concert 9		3	881	838	43	786	89%	111,476 ※1,873
Concert 10	HKCC	5	9,661	6,354	470	6,441	67%	937,804 ※45,250
Concert 11*	HKCO	1	50	49	—	N/A	—	509,298
Concert 12	HKCC	3	4,897	4,196	215	4,108	84%	※7,750
Concert 13	HKCH	2	2,660	1,332	349	1,495	56%	146,525 ※66,958
Concert 14	HKCC	2	3,176	1,143	945	1,732	55%	140,959 ※228,270
Concert 15	HKCC	1	1,951	1,659	93	1,684	86%	1,240,300 ※26,600
Concert 16	STTH	1	1,190	556	—	237	20%	239,857 ※37,922
Concert 17	HKCC	1	1,469	990	172	1,010	69%	
Concert 18	HKCC	1	1,594	1,187	126	1,169	73%	
Concerts 19-21	HKCC (Studio Theatre)	3	862	576	74	535	62%	77,456 ※8,525
Concert 22	HKCC	2	3,517	2,355	298	2,487	71%	304,042 ※60,648

Appendix D
(Cont'd)
(para. 3.8 refers)

Concert	Venue	Number of performances	Revised maximum audience capacity (Note 1) (a)	Revised paid audience (persons — Note 2) (b)	Revised number of complimentary tickets (Note 3) (c)	Actual turnout (Note 4) (d)	Revised attendance rate (Note 5) (e)=(d)/(a)×100%	Net ticket proceeds and proceeds from HKCO-paid complimentary tickets (\$)
Concert 23	HKCH	1	120	113	0	93	78%	77,897
Concert 24	HKCH	1	914	457	94	501	55%	※6,161
Concert 25	HKCC	2	2,900	1,649	279	1,586	55%	209,554 ※50,385
Concert 26	HKCH	1	1,313	901	180	953	73%	124,965 ※39,230
Concert 27	STTH	3	720	616	97	643	89%	53,829 ※9,350
Concert 28	HKCH	2	2,704	2,307	293	2,392	88%	302,010 ※46,051
Overall		46	48,489	32,656	4,391	33,085	68%	5,101,164 ※709,454
Core programmes (VPS):								
Concert 29	HKCC	1	1,488	660	457	864	58%	211,391
Concert 30	HKCC	1	1,713	1,271	414	1,485	87%	※117,960
Concert 31	HKCC	2	2,992	2,394	0	2,275	76%	47,880
Overall		4	6,193	4,325	871	4,624	75%	259,271 ※117,960

Legend: * — Open rehearsals
 HKCC — Hong Kong Cultural Centre Concert Hall
 HKCH — Hong Kong City Hall Concert Hall
 STTH — Sha Tin Town Hall
 HKCO — HKCO Rehearsal Hall
 ※ — Ticket proceeds from HKCO-paid complimentary tickets
 N/A — Not applicable (No attendance information was available for open rehearsals held at HKCO Rehearsal Hall).

Source: Audit's calculations based on HKCO & LCSD records

Note 1: The revised maximum audience capacity represented the actual number of seats allocated for use for individual concerts.

Note 2: The revised paid audience figure excluded HKCO-paid complimentary tickets.

Note 3: The revised number of complimentary tickets included both free complimentary tickets issued by URBITX and HKCO-paid complimentary tickets.

Note 4: The actual turnout was based on the records kept by the LCSD.

Note 5: The revised attendance rate was calculated by dividing the actual turnout (column (d)) by the revised maximum audience capacity (column (a)), multiplied by 100%.

Complimentary ticket strategy and monitoring system

I. Recipient categories and quotas

1. (a) *Categories of persons entitled to complimentary tickets*

A. *HKCO guests*

- (a) Members of the Executive and Legislative Council;
- (b) important officers of the HAB and the LCSD, and the Hong Kong Arts Development Council;
- (c) arts advisors of the LCSD;
- (d) important consular officials;
- (e) directors and senior staff of major cultural institutes;
- (f) chairmen and members of the District Councils;
- (g) sponsors and individuals/organisations who have rendered assistance to the performance;
- (h) participating artists for the performance; and
- (i) guests from cultural field and overseas guests from the Government;

B. *Media*

C. *HKCO Council members and music advisors*

D. *HKCO management and staff* (including the ED, the AD, departmental managers, the resident conductor, and the research and development officer);

- (b) *Quotas are set on complimentary tickets to be issued to HKCO guests only (i.e. only applicable to Class A in (a) above), as follows:*

Venue capacity (seats)	Maximum number of complimentary tickets (for each performance)
301 – 900	30
901 – 1,300	40
1,301 – 1,700	50
1,701 – 2,000	60
2,001 – 10,000	70
10,001 or above	100

If the ticket sales for a particular performance do not reach 30% three weeks before it is held, the ED is allowed to issue complimentary tickets above the quotas, up to 10% of the total tickets available for sales. If the 10% limit is exceeded, approval from the Council Chairman is required; and

(c) *Entitlement*

Each person is generally entitled to a maximum of two complimentary tickets only. Any special arrangement will require the Council Chairman's approval.

II. Complimentary tickets for special public relations and marketing purposes

2. The HKCO has set the following arrangement for the issue of complimentary tickets for special PR and marketing purposes:

- (a) if the ticket sales for a particular performance do not reach 30% three weeks before it is held, the ED is allowed to issue complimentary tickets to sponsors or voluntary/social welfare organisations who have previously rendered assistance to the HKCO (up to 10% of the total tickets available for sales). To maintain the HKCO image and to avoid excessive issue, such complimentary tickets are to be distributed to the sponsors/organisations on a rotational basis; and
- (b) if the 10% limit is exceeded, approval from the Council Chairman is required.

III. Complimentary tickets issued to administrative staff

3. If the ticket sales for a particular performance do not reach 30% three weeks before it is held, complimentary tickets can be issued to administrative staff for the purpose of enhancing their understanding of the HKCO concerts and securing their commitment to the HKCO.

IV. Complimentary tickets issued to sponsors

4. Under a sponsorship scheme introduced since 2007, the HKCO issues complimentary tickets to sponsors based on an approved scale depending on the sponsorship amount. The number of complimentary tickets to be issued ranges from 100 to 300, with a minimum sponsorship amount of \$100,000.

5. The ED is allowed to approve the issue of complimentary tickets up to a maximum ticket value of \$100,000. Any amount exceeding \$100,000 requires the approval of the Chairman of Marketing Committee.

V. Monitoring mechanism

6. Additional tickets issued for special PR and marketing purposes have to be reported at meetings of the Marketing Committee. Recipients' Lists have to be regularly circulated at meetings of the Council. Recipients' attendance has also to be reported bi-monthly to the Council.

Source: HKCO Marketing Manual

Appendix F
(paras. 3.22 and 3.26(k)
refer)

Audit examination of complimentary tickets issued for 7 concerts

Concert	Number of complimentary tickets	Record of ticket requests	Record of ticket acknowledgement	Recipients' List (including attendance) presented at Council meeting?	Examples of improper and/or incomplete written records
Concert 2 (1st performance)	(a) HKCO guests 60 (b) Media 6 (c) Council members / music advisors 8 (d) HKCO staff 18 (e) PR and marketing 40 <u>132</u>	122 tickets (92%) were issued without record of requests	No records	No records	
Concert 2 (2nd performance)	(a) HKCO guests 20 (b) Media 2 (c) Council members / music advisors 3 (d) HKCO staff 9 (e) Sponsor 100 (f) Unused tickets 1 <u>135</u>	35 tickets (26%) were issued without record of requests			
Concert 5 (1st performance)	(a) HKCO guests 36 (b) Media 2 (c) Council members / music advisors 13 (d) HKCO staff 10 (e) PR and marketing 104 (f) Unused tickets 4 <u>169</u>	143 tickets (85%) were issued without record of requests			76 complimentary tickets were issued under PR and marketing to a performing arts group. Only verbal approval from Council Chairman had been sought. No written approval was noted.
Concert 5 (2nd performance)	(a) HKCO guests 13 (b) Media 3 (c) Council members / music advisors 7 (d) HKCO staff 10 (e) PR and marketing 73 (f) Unused tickets 17 <u>123</u>	113 tickets (92%) were issued without record of requests			73 complimentary tickets were issued under PR and marketing to a performing arts group. Only verbal approval from Council Chairman had been sought. No written approval was noted.

Appendix F
(Cont'd)
(paras. 3.22 and 3.26(k)
refer)

Concert	Number of complimentary tickets	Record of ticket requests	Record of ticket acknowledgement	Recipients' List (including attendance) presented at Council meeting?	Examples of improper and/or incomplete written records
Concert 14 (1st performance)	(a) HKCO guests 161 (b) Media 16 (c) Council members / music advisors 14 (d) HKCO staff 29 (e) Sponsor 506 (f) Unused tickets 21 <u>747</u>	163 tickets (22%) were issued without record of requests	No records	No records	161 complimentary tickets were issued to guests (exceeding the quota of 70 set for the venue) without special approval from Council Chairman.
Concert 14 (2nd performance)	(a) HKCO guests 14 (b) Media 7 (c) Council members / music advisors 10 (d) HKCO staff 14 (e) PR and marketing 116 (f) Sponsor 37 <u>198</u>	186 tickets (94%) were issued without record of requests			100 complimentary tickets were issued under PR and marketing to two local media firms without documented justification. Only verbal approval from Council Chairman had been sought. No written approval was noted.
Concert 25 (1st performance)	(a) HKCO guests 18 (b) Media 3 (c) Council members / music advisors 8 (d) HKCO staff 14 (e) PR and marketing 155 (f) Unused tickets 17 <u>215</u>	84 tickets (39%) were issued without record of requests			155 complimentary tickets were issued under PR and marketing to two local media firms without documented justification. Only verbal approval from Council Chairman had been sought. No written approval was noted.
Concert 25 (2nd performance)	(a) HKCO guests 23 (b) Media 2 (c) Council members / music advisors 4 (d) HKCO staff 13 (e) PR and marketing 10 (f) Unused tickets 12 <u>64</u>	60 tickets (94%) were issued without record of requests			10 complimentary tickets were issued to a non-profit making organisation under PR and marketing without documented justification.

Appendix F
(Cont'd)
(paras. 3.22 and 3.26(k)
refer)

Concert	Number of complimentary tickets	Record of ticket requests	Record of ticket acknowledgement	Recipients' List (including attendance) presented at Council meeting?	Examples of improper and/or incomplete written records
Concert 28 (1st performance)	(a) HKCO guests 18 (b) Media 6 (c) Council members / music advisors 12 (d) HKCO staff 18 (e) PR and marketing 44 (f) Unused tickets 18 <u>116</u>	62 tickets (53%) were issued without record of requests	No records	No records	
Concert 28 (2nd performance)	(a) HKCO guests 24 (b) Media 9 (c) Council members / music advisors 16 (d) HKCO staff 13 (e) Sponsor 104 (f) Unused tickets 11 <u>177</u>	69 tickets (39%) were issued without record of requests			
Concert 29	(a) HKCO guests 30 (b) Council members / music advisors 8 (c) HKCO staff 7 (d) PR and marketing 405 (e) Unused tickets 7 <u>457</u>	368 tickets (81%) were issued without record of requests			370 complimentary tickets were issued under PR and marketing to 11 participating artists, without obtaining Council Chairman's approval and without documented justification.
Concert 30	(a) HKCO guests 33 (b) Media 14 (c) Council members / music advisors 13 (d) HKCO staff 14 (e) PR and marketing 298 (f) Sponsor 34 (g) Unused tickets 8 <u>414</u>	409 tickets (99%) were issued without record of requests			298 complimentary tickets were issued under PR and marketing to 2 local media firms and 5 participating artists, without documented justification.

Source: HKCO records

Appendix G
(paras. 5.14, 5.17 and
5.19(c) refer)

Disposal of drums
(mid-2003 to November 2009)

Year	Sold (Note 1)		Damaged (Note 2)		Given away (Note 3)		Total	
	Number	Cost (\$'000)	Number	Cost (\$'000)	Number	Cost (\$'000)	Number	Cost (\$'000)
2003	283	133	0	0	0	0	283	133
2004	77	32	185	57	0	0	262	89
2005	128	59	268	80	301	106	697	245
2006	205	72	99	31	0	0	304	103
2007	34	14	70	20	0	0	104	34
2008	29	6	0	0	5	1	34	7
2009	45	11	1	0	46	12	92	23
Total	801	327	623	188	352	119	1,776	634

Source: HKCO records

Note 1: Sale proceeds totalled \$297,000.

Note 2: Drums were written off when they were found damaged (by moulds and wood-boring insects).

Note 3: 301 drums were given away as gifts after a performance in the United States in 2005, 45 to schools for organising drum activities and 6 as souvenirs to sponsors.

Appendix H
(para. 5.16 refers)

Discrepancies in drum stock
(30 November 2009)

Type of drum	Opening balance (a)	Sold (b)	Damaged (c)	Given away (d)	Closing balance (e) = (a) – (b) – (c) – (d)	Stock-take balance (f)	Shortage/ (Surplus) (g) = (e) – (f)
1. 3.5-m Da Gu	1	0	0	0	1	1	0
2. 135-cm Da Gu	2	0	0	0	2	0	2
3. 100-cm Tang Gu	40	17	5	0	18	1	17
4. 80-cm Tang Gu	2	0	0	0	2	0	2
5. 70-cm Tang Gu	150	86	37	10	17	6	11
6. 60-cm Tang Gu	50	18	2	0	30	30	0
7. 55-cm Bian Gu	150	86	15	40	9	9	0
8. 50-cm Tang Gu	80	23	21	60	(24)	3	(27)
9. 50-cm Bian Gu	250	178	2	45	25	2	23
10. 45-cm Bian Gu	150	91	10	44	5	11	(6)
11. 40-cm Bian Gu	50	10	0	0	40	0	40
12. 35-cm Bian Gu	150	97	0	45	8	10	(2)
13. 23-cm Tang Gu	900	195	531	108	66	81	(15)
Total	1,975	801	623	352	199	154	45

Source: HKCO records

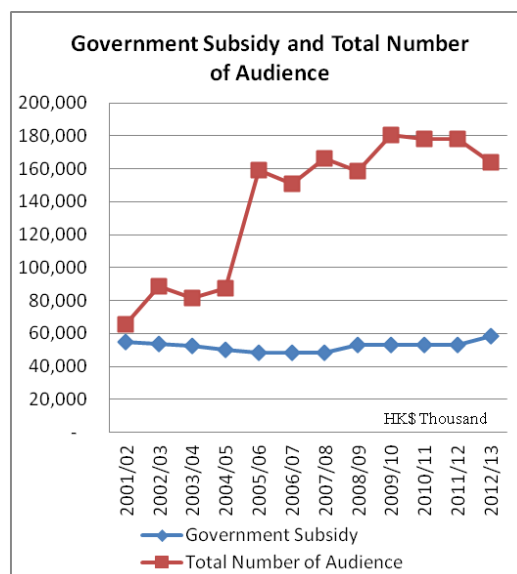
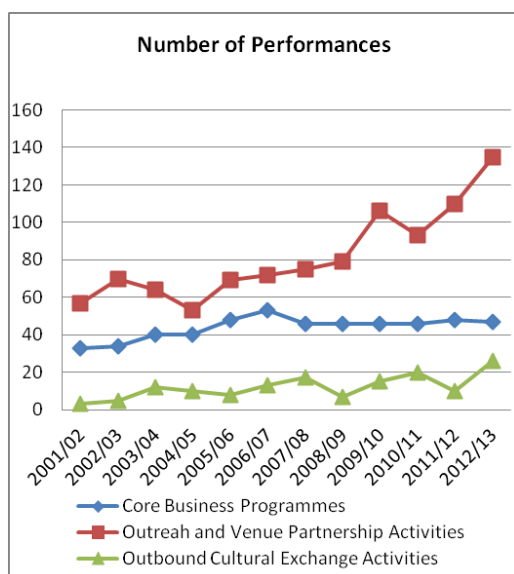
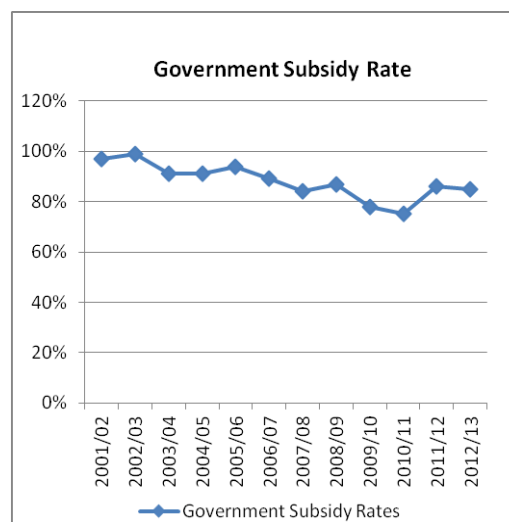
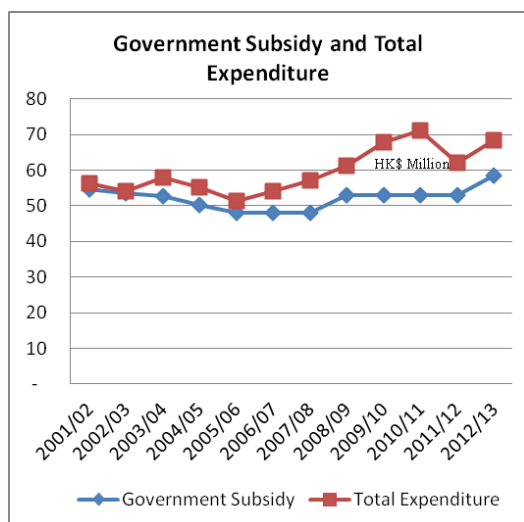
Appendix I

Acronyms and abbreviations

AD	Artistic Director
Audit	Audit Commission
cm	centimetre(s)
ED	Executive Director
FSA	Funding and Services Agreement
FSTB	Financial Services and the Treasury Bureau
HAB	Home Affairs Bureau
HKCC	Hong Kong Cultural Centre
HKCH	Hong Kong City Hall
HKCO	Hong Kong Chinese Orchestra Limited
LCSD	Leisure and Cultural Services Department
m	metre(s)
PPP	Public private partnership
PR	Public relations
R&D	Research and development
STTH	Sha Tin Town Hall
URBTIX	Urban Ticketing System
VPS	Venue Partnership Scheme

Appendix XVII

Ten Years' Performance Chart of HKCO



Appendix XVIII

Development of Modern Chinese Orchestra

Modern Chinese orchestra is comparatively a younger art form than the western symphony orchestra. Wikipedia has given definition to the term Chinese Orchestra. Wikipedia refers Chinese orchestra to either “Ancient Chinese Orchestra” or “Modern Chinese”.

“In recent archaeological findings, ancient Chinese music was much more developed and sophisticated than is generally believed. Music had already been an important element in traditional ritualistic ceremonies during the Shang Dynasty (c. 1550 B.C.-1111 B.C.), and it reached one of its greatest peaks during the Zhou Dynasty (c. 1111 B.C. - 222 BC). Traditional Chinese musical instruments were classified into eight groups (bayin) according to their materials: gourd, earthenware, hide, wood, stone, bronze, silk and bamboo. It is said that there were more than 70 different musical instruments, but many of them have been lost or are obsolete today.”, and “The modern large Chinese orchestra is a 20th century development and is based on the western symphony orchestra, but uses Chinese instruments in place of western instruments. It also emulates the western orchestra in terms of the seating position of its musicians. The modern Chinese orchestra typically consists of four main sections. These instruments are generally grouped according to the way they are played – the bowed strings, plucked strings, woodwinds and percussion. Whilst numerical notation is most often used in the modern Chinese orchestra, standard notation is also sometimes used. Since its inception, the music produced is unique and very distinct from any western counterpart.”

(a) Ancient Chinese Orchestra

The origin of Chinese music dated back to approximately 3,000 years ago, at which a complete musical theory and sophisticated musical instruments appeared. According to some historical studies, Chinese music traced back even to 7,000 - 8,000 years ago upon discovery of a bone flute made in the Neolithic Age. In the Xia (around the end of 2,100 B.C. — the first dynasty in the Chinese history), Shang (c. 1550 B.C. — 1111 B.C.) and Zhou (c. 1111 B.C. — 222 B.C.) dynasties, only royal families and dignitary officials enjoyed music, which was made on chimes and bells¹. It was also

¹The **Bianzhong of Marquis Yi of Zeng** (曾侯乙編鐘) were bianzhong unearthed in 1978 in the Zeng-hou-yi Tomb Sui County, Hubei Province, China. The bianzhong were made in 433 B.C.. The bianzhong, constituted by altogether 64 bells, are hung on two sets of wood racks. One rack is 7.48 meters long X 2.65 meters wide. the other rack is 3.35 meters long X 2.73 meters wide. The two racks are perpendicular to each other. The biggest bell is of 153.4 cm height and 203.6 kg weight. The smallest bell is of 20.4 cm high and 2.4 kg weight.

discovered that by the Han dynasty (206 B.C. — 220 A.D.), there was a Music Bureau in the imperial court to take charge of collecting and editing ancient tunes and scores. Foreign music and instruments like pipa and the huqin were brought to China and influenced Chinese music due to commercial contacts with Central Asia at that time. Limited documentary revealed that there were already large ensembles of Chinese music in the Tang (618 A.D. — 907 A.D.) and Song (960 A.D. — 1276 A.D.) dynasties. Size of the ensemble estimated at about 193 numbers, with one of the musicians playing the role of a conductor. It was believed that these were restricted to performance as court music for the royal families only. And due to the collapse of each dynasty, there were only scarce documented information left for musicologist to do research on the formation and scores of these ensembles. During the Tang Dynasty, dancing and singing entered the mainstream and spread from the royal court to the ordinary folks. This then laid a firm foundation for Chinese music and passed down by ordinary people in the society from generation to generation. With a history of more than 7,000 years, the richness and varieties in Chinese music is yet to be discovered and documented more in details.

Although many people cited modern Chinese orchestra emulates the Western orchestra in terms of the seating position of its musicians. There were already large music ensembles in the Song or Tang dynasty (618A.D.-1276 A.D.), while symphony orchestra was development after The Renaissance in 1600 A.D. Cultural exchange existed between China and the West in the Han and Tang dynasty. Therefore, it is still a question as to whether the western symphony orchestra developed by taking reference from Chinese ensemble in the Tang Dynasty. Maybe, scholars can do some research in this aspect.

(b) Development of Chinese Orchestral Music

Chinese orchestral music is regarded as Chinese music of the 21st century. Development of modern Chinese orchestras could be divided into three different periods (Chan:2003), and a HKCO has been playing an influential role in the history of Chinese orchestral music by setting various milestones:

(i) 1920 - 1966 (before The Cultural Revolution in China)

Before the development of Chinese orchestra, most of the ensembles are formed with one or two specific types of instruments like Sheng, wind and percussion or silk and bamboo, at which the establishment in number of musicians or musical instruments are not fixed and these ensembles are endemic. Their music was heavily influenced by their geographic environment, dialect, lifestyle and the social function that these ensembles were serving. For example, silk and bamboo music which is softer and delicate usually associates with the southern part of China whereas the wind and

percussion music which is louder and wild is from the mountains or highland from the northern part of China.

In the 1920s, the Shanghai Da Tong musical group (上海大同樂會), a silk and bamboo ensemble from the southern part of China, was formed to revive music of the scholars. Formation of a Chinese orchestra setting was initially affirmed after the rearrangement of an ancient pipa melody into an orchestra piece “Moonlight over the Spring River” by Liu Yao Zhang (柳堯章) in 1925.

In 1935, the Folk Music Ensemble of Music Section of Central Broadcasting (中央廣播電台音樂組民樂隊) was formed. It was later expanded by introducing the wind and percussion sections (music for the northern part of China) as well as the plucked section into it. Many amateur and professional orchestras sprung up and the development of Chinese orchestra was growing vigorously with full steam ahead from the 50s to 60s. One of the important figures who brought instrument changes to the face of the Chinese orchestra into what we know of it now was the Artistic Director and Conductor of China Broadcasting Chinese Orchestra (中國廣播民族樂團) Maestro Peng Xiu Wen (彭修文). The Orchestra was founded in 1953 in Beijing. Under the artistic leadership of Peng, the Orchestra established the basic framework of 4 sections: stringed instruments, plucked string instruments, wind instruments and percussion instruments, which has laid down a framework of modern Chinese orchestra and has been adopted by many domestic and foreign orchestras afterwards. In view of the shortage of repertoire for modern Chinese orchestra, Peng composed lots of new pieces and rearranged many traditional tunes and western symphonic pieces for Chinese orchestra during his tenure. In addition, he also put enormous effort in researching and developing Chinese traditional instrument so as to enriching the power and cohesiveness of a Chinese orchestra yet reserving the characteristic of each Chinese instrument and the unique sound generated from a Chinese orchestra.

(ii) 1966 - 1976 (during The Cultural Revolution period)

The aim of the Cultural Revolution was to attack the Four Olds – Old ideas, Old culture, Old customs, and Old habits. During the ten years of Cultural Revolution, traditional Chinese arts and culture were banned and abandoned. Cultural productions was dominated and engineered by Jia Qing, Chairman Mao Zedong’s wife. Her idea embraced through the eight “Model Operas”² was applied to all aspects of arts, with repeated performance and compulsory attendance. Growth of

² These revolutionary operas comprised six modern Beijing operas, and two ballets, and in addition one symphony. : Beijing operas Taking Tiger Mountain by Strategy, On the Docks, The Legend of the Red Lantern, Shajiabang, Sweeping the White Tiger Regiment, ballets Red Detachment of Women, The White Haired Girl, and symphony Shajiabang. Please visit Wikipedia for more information of *yangbanxi* during the cultural revolution period.

Chinese orchestral music was frozen at that time. There were very minimal new compositions and most of them were derived from music of the model operas or revolutionary songs.



香港中樂團
HONG KONG CHINESE ORCHESTRA

藝術總監：閻惠昌
ARTISTIC DIRECTOR: YAN HUICHANG

香港

鼓

Hong Kong
Drum
Festival
2003

樂節

澎湃活力

香港同心

Synergizing Our Hong Kong

紀念集

Souvenir Album

Asia's world city
亞洲國際都會

HONG KONG 香港



香港中樂團由康樂及文化事務署資助
Hong Kong Chinese Orchestra is subvented by
the Leisure and Cultural Services Department

Time 時序表 Schedule

4-6.2003

製作大鼓及銅鑼
Making of the giant drum
and gong
P.10-12

19.6.2003 &
2.7.2003

區議會發佈會及
新聞發佈會
District Council
Presentation and
Press Conference
P.13

7.2003

排練
Rehearsals
P.14-15

11-12.7.2003

最後排練
Final Rehearsals at HK City Hall
P.16-17

12.7.2003

維園準備
Setting up at
Victoria Park
P.18-20

開幕式
Opening Rally

密鑼緊鼓
Ready to Roll

13.7.2003

開幕式
Opening Rally
P.22-32

香港活力鼓令24式擂台賽、
Rock n' roll 鳴鼓指數任您敲及
香港鼓樂展覽

The Hong Kong Synergy 24 Drum Competition,
Rock n' Roll - Know Your Drumming Index -
Drums to Test Your Mood &
Hong Kong Drum Music Exhibition

31.10-1.11.2003

鼓王群英會音樂會II
香港活力鼓令24式擂台賽
(決賽)
Majestic Drums II
The Hong Kong Synergy 24
Drum Competition
(The Final Round)
P.57-61

19-20.9.2003

鼓王群英會音樂會I
Majestic Drums I
P.50-56

鼓王群英會音樂會
Majestic Drums
Concerts

8-9.2003

香港活力鼓令
24式擂台賽
示範表演
The Hong Kong
Synergy 24 Drum
Competition -
Demonstration Tour
P.34

31.10-1.11.2003

鼓王群英會音樂會II
香港活力鼓令24式擂台賽
(決賽)
Majestic Drums II
The Hong Kong Synergy 24
Drum Competition
(The Final Round)
P.39-43

27-28.9.2003

香港活力鼓令24式
擂台賽(初賽)
The Hong Kong
Synergy 24 Drum
Competition
(The First Round)
P.35-38

9-10.2003

Rock n' Roll 鳴鼓指數任您敲及
香港鼓樂展覽
Rock n' Roll - Know Your
Drumming Index
Drums to Test Your Mood &
Hong Kong Drum Music Exhibition
P.45-47

Touring Record of HKCO from 2001-2015

Local/ Overseas Performance

Date	Concerts	Place	Conductor(s)
10 February 2002	European Tour	(Goldenersaal) Vienna , Austria	Yan Huichang
13 February 2002	European Tour	(Stadthalle) Deggendorf, Germany	Yan Huichang
14 February 2002	European Tour	(Herkulesaal den Residenz) Munich, Germany	Yan Huichang
1 May 2002	"Musical Radiance from Hong Kong -	Washington DC, USA	Yan Huichang
	Pearl of the East (Hong Kong Economic		
	and Trade Office, Washington DC)"		
10 October 2002	XVI Macao International Music Festival	(Macao Cultural Centre Grand Auditorium) Macao	Yan Huichang
24-25 Nov 2002	Hong Kong Economic and Trade Office,	Tokyo, Japan	Yan Huichang
	Japan		
10 November 2003	Hong Kong Economic and Trade Office,	(Natural History Museum) London, UK	Yan Huichang
	Europe (Lead by Chief Executive)		
19 December 2003	New Year Concert	(Shantou Yidu Theatre) Pearl River Delta Cities,	Yan Huichang
		China	
20 December 2003	New Year Concert	(Foshan Theatre) Pearl River Delta Cities, China	Yan Huichang
21 December 2003	New Year Concert	(Dongguan Dongchen Cultural Centre) Pearl River	Yan Huichang
		Delta Cities, China	
22 December 2003	New Year Concert	(Shenzhen Grand Theatre) Pearl River Delta Cities,	Yan Huichang
		China	
23 December 2003	New Year Concert	(Guangzhou Xinghai Concert Hall) Pearl River	Yan Huichang
		Delta Cities, China	
24 December 2003	New Year Concert	(Zhuhai City Hall) Pearl River Delta Cities, China	Yan Huichang
25 December 2003	New Year Concert	(Guangzhou Xinghai Concert Hall) Pearl River	Yan Huichang
		Delta Cities, China	
28-31 Dec 2003	New Year Concert	X'ian, China	Yan Huichang
1-2 May 2004	Ode to Peace, World Historical and	Nanjing, China	Yan Huichang
	Cultural Cities Expo		
11-12 Jun 2004	Saint-Denis Arts Festival, Les Annees	(Pavillon de la Legion d'Honneur) / (Basilica St	Yan Huichang
	Chine-France	Denis) St Denis, France	
5 September 2004	The HKCO in Shanghai	(Shanghai Grand Theatre the Lyric Theatre)	Yan Huichang
		Shanghai China	
7 September 2004	The Hong Kong Chinese Orchestra	(Nanjing Culture and Arts Centre, Grand Theatre)	Yan Huichang
27 October 2004	Musical Radiance from Hong Kong -	(China Club) Berlin, Germany	Yan Huichang
	Pearl of the Orient (Lead by Mr Donald		
	Tsang, JP - Chief Secretary for		
	Administration)		

Date	Concerts	Place	Conductor(s)
29 October 2004	Musical Radiance from Hong Kong - Pearl of the Orient (Lead by Mr Donald	(Municipal Hall) Prague, Czech Republic	Yan Huichang
1 November 2004	Musical Radiance from Hong Kong - Pearl of the Orient (Lead by Mr Donald Tsang, JP - Chief Secretary for Administration)	(Ivey House) Dublin, Ireland	Yan Huichang
6-7 April 2005	Concert	Xian, China	Yan Huichang
9-10 May 2005	Ode to Peace - In memory of 60th Anniversary of the victory of the world Anti-fascist War and War of Resistance against Japan by the Chinese People	(Great Hall of the People) Beijing, China	Yan Huichang
7 October 2005	Music Workshop	(Kennedy Centre) Washington D.C., USA	Chew Hee-chiat
8 October 2005	Drum Gala	(Kennedy Centre) Washington D.C., USA	Chew Hee-chiat
9 October 2005	Festival of China Concert	(Kennedy Centre) Washington D.C., USA	Yan Huichang
12 October 2005	Concert	(Avery Fisher Hall, Lincoln Centre) New York, USA	Yan Huichang
22 May 2006	An ensemble of HKCO visit New Zealand & Australia & have organized ensemble concert & music workshop (Lead by Mr Henry Tang, GBS JP - Financial Secretary)	(Carlton Hotel) Auckland, New Zealand	–
25 May 2006	An ensemble of HKCO visit New Zealand & Australia & have organized ensemble concert & music workshop (Lead by Mr Henry Tang, GBS JP - Financial Secretary)	(Park Hyatt Hotel) Melbourne, Australia	–
26 May 2006	An ensemble of HKCO visit New Zealand & Australia & have organized ensemble concert & music workshop (Lead by Mr Henry Tang, GBS JP - Financial Secretary)	(The University of Melbourne) Melbourne, Australia	–
30 May 2006	An ensemble of HKCO visit New Zealand & Australia & have organized ensemble concert & music workshop (Lead by Mr Henry Tang, GBS JP - Financial Secretary)	(University of Sydney) Sydney, Australia	Yan Huichang
31 October 2006	Hong Kong Trade Development Council Annual Hong Kong Dinner at London 2006 (Lead by The Honourable Rafael Hui Si-yan, GBS, JP - Chief Secretary for Administration)	(Four Seasons Hotel) London, UK	–
20 Dec 2006	Kinggold Group . New Year's Concert 2007	(Xinghai Concert Hall) Guangzhou, China	Yan Huichang
21 Dec 2006	Favorview Palace International Salon Kinggold Group . New Year's Concert 2007	(Xinghai Concert Hall) Guangzhou, China	Yan Huichang

Date	Concerts	Place	Conductor(s)
23 Dec 2006	Concert	(Huizhou Theatre) Guangdong, China	Yan Huichang
19-23 Jan 2007	do Ensino Secundario - Provar a tradicao	(Plano de Generalizacao da Educacao Artistica para	Chew Hee Chiat
	e apreciar o conjunto da Musica Chinesa	Alunos Macao Cultural Centre Grand Auditorium)	
		Macao	
30-31 Jan 2007	ICBC - Francis Yip concert in Guangzhou	(Xinghai Concert Hall) Guangzhou, China	Yan Huichang
1 February 2007	AIA concert in Guangzhou	(Xinghai Concert Hall) Guangzhou, China	Yan Huichang
3 February 2007	HKCO - Lunar New Year Concert in	(Xinghai Concert Hall) Guangzhou, China	Yan Huichang
	Guangzhou		
28 Feb 2007	Chinese Culture Festival 2007 (Lead by	Ho Chi Minh City, Vietnam - 5th Cultural Centre	–
	Dr The Honourable Patrick Ho Chi Ping,		
	JP - Secretary for Home Affairs)		
1 July 2007	To Celebrate the 10th Anniversary of	(Opera House - Hangzhou Grand Theatre)	Yan Huichang
	Hong Kong's Return to Motherland - The	Hangzhou, China	
	Themed Concert By Hong Kong Chinese		
	Orchestra		
15 August 2007	Hong Kong Chinese Orchestra A Cultural	(The Chinese Cultural Centre of Greater Toronto)	–
	Exchange Concert	Toronto, Canada	
18 August 2007	Festival Vancouver Hong Kong Chinese	(Chan Centre at UBC) Vancouver, Canada	Yan Huichang
	Orchestra Concert		
11 Sep 2007	Hong Kong; New Zealand 2007 Gala	Rangitoto Ballroom, Langham Hotel - Auckland,	Yan Huichang
	Dinner (Lead by The Chief Executive, Mr	New Zealand	
	Donald Tsang)		
25 Sep 2007	HKCO Ensemble (Lead by Mr Frederick	The Moscow International House of Music, Russia	–
	Ma Si-hang, JP, Secretary for Commerce		
	and Economic Development)		
27 Sep 2007	HKCO Ensemble (Lead by Mr Frederick	St. Petersburg State Cappella Hall, Russia	–
	Ma Si-hang, JP, Secretary for Commerce		
	and Economic Development)		
6-8 Nov 2007	Plano de Generalizacao da Educacao	(Grande Auditorio do Centro Cultural de Macau)	Chew Hee Chiat
	Artistica para Alunos do Ensino	Macao	
	Secundario - Saborear a Tradicao		
	Alpreciar em Conjunto a Musica Chinesa		
26-27 Jan 2008	Hong Kong Chinese Orchestra at The	(The National Centre for the Performing Arts)	Yan Huichang
	First International Performance Season of	Beijing, China	
	the National Centre for the Performing		
	Arts, Beijing, China		

Date	Concerts	Place	Conductor(s)
14 Mar 2008	China Now Festival 2008, UK	Royal Festival Hall, South Bank Centre, London	Yan Huichang
15 Mar 2008	China Now Festival 2008, UK	Bridgewater Hall, Manchester	Yan Huichang
17 Mar 2008	China Now Festival 2008, UK	Birmingham Town Hall, Birmingham	Yan Huichang
18 Mar 2008	China Now Festival 2008, UK	The Sage, Gateshead in Newcastle	Yan Huichang
16 May 2008	2008 China (Shenzhen) Arts Festival of ICIF - The Concert by the Hong Kong Chinese Orchestra	Symphony Hall, Shenzhen Concert Hall	Yan Huichang
17 June 2008	Linghai International Musical Journey on Water and Life Special Concert for World Desertification and Draught Prevention Day (2008)	Linghai, China	Yan Huichang
11-13 Nov 2008	Plano de Generalizacao da Educacao Artistica para Alunos do Ensino Secundario - Saborear a Tradicao Alpreciar em Conjunto a Musica Chinesa (2008)	(Grande Auditorio do Centro Cultural de Macau) Macao	Chew Hee Chiat
2-3 Sep 2009	Klara Festival - International Brussels Music Festival (Belgium)	2.9 Brussell (Bozar - Henry Le Boeuf) 3.9 Brussell (Flagey - Studio 4)	Yan Huichang
1-3 Oct 2009	HKCO in Xi'an	Xian Music Hall	Yan Huichang
30 October 2009	"Ancient Paths, Modern Voices: Celebrating Chinese Culture" Festival presented by the Carnegie Hall, New York	Stern Auditorium / Perelman Stage at Carnegie Hall, USA	Yan Huichang
27-28 Nov 2009	One Hundred Concerts of Chinese National Music	Concert Hall of the National Centre for the Performing Arts, Beijing, China	Yan Huichang
1 December 2009	International Arts Festival - "europalia . China"	Centre Cultural, Eghezee, Belgium	—
2 December 2009	International Arts Festival - "europalia . China"	Masion de la Culture Fameme, Marche, Belgium	—
4 December 2009	International Arts Festival - "europalia . China"	Palais des Beaux, Brussel, Belgium	—
23-25 Mar 2010	Plano de Generalizacao da Educacao Artistica para Alunos do Ensino Secundario - Saborear a Tradicao Alpreciar em Conjunto a Musica Chinesa (2010)	(Grande Auditorio do Centro Cultural de Macau) Macao	Chew Hee Chiat
15 May 2010	Shanghai Spring International Music Festival - Concert by Hong Kong Chinese Orchestra	Shanghai Concert Hall, Shanghai, China	Yan Huichang

Date	Concerts	Place	Conductor(s)
8-9 Sep 2010	The Silk Road Journey	People's Hall of Xing Jiang, Xing Jian, China	Yan Huichang
22-24 Dec 2010	Concert	(Zhongshan Culture and Art Center) Guangdong,	Yan Huichang
		China	
11 January 2011	Concert	Heyuan, Guangdong, China	Yan Huichang
12-14 Jan 2011	Concert	(Dongcheng Cultural Center) Dongguan,	Yan Huichang
		Guangdong, China	
1 February 2011	Northern Lights Festival	KulturHuset, Norway	–
4-11 Feb 2011	Grand Chinese New Year Concert	4.2 Kultur- und Kongresszentrum Luzern, Lucerne,	Yan Huichang
		Switzerland	
		7.2 Gut Varrel, Bremen, Germany	
		10.2 Rudolfinum Suk Hall, Prague, Czech	
		11.2 Komische Oper Berlin, Berlin, Germany	
27 August 2011	Commemorating the Centennial of the	(The National Centre for the Performing Arts)	Yan Huichang
	1911 Revolution - The World is for All	Beijing, China	
29 August 2011	Commemorating the Centennial of the	(Zijin Grand Theatre) Nanjing, China	Yan Huichang
	1911 Revolution - The World is for All		
10 Sep 2011	HKCO at Chengdu – A Cultural	Jintang Hong Kong YMCA School, Sanxingzhen,	–
	Exchange Tour	Sichuan, China	
11 Sep 2011	HKCO at Chengdu Concert	Pride Concert Hall, Chengdu, China	Yan Huichang
23 October 2011	Commemorating the Centennial of the	Taipei Zhongshan Hall, Taiwan	Yan Huichang
	1911 Revolution - The World is for All		
15-17 Nov 2011	Plano de Generalizacao da Educacao	(Grande Auditorio do Centro Cultural de Macau)	Chew Hee Chiat
	Artistica para Alunos do Ensino	Macao	
	Secundario - Saborear a Tradicao		
	Alpreciar em Conjunto a Musica		
6 February 2012	Chinese New Year Concert in Zhongshan	Zhongshan Culture & Art Center, Zhongshan,	Yan Huichang
19 March 2012	Master Class "Conducting and Composing	Conservatoire Royal de Bruxelles, Belgium	Yan Huichang
	- A comparison between Chinese and		
	Western Orchestra(s)"		

Date	Concerts	Place	Conductor(s)
20 March 2012	Master Class "Conducting and Composing	Luxembourg Conservatory, Luxembourg	Yan Huichang
	- A comparison between Chinese and		
	Western Orchestra(s)"		
22 March 2012	Master Class "Conducting and Composing	Conservatoire National Supérieur de Musique et de	Yan Huichang
	- A comparison between Chinese and	Danse de Paris, France	
	Western Orchestra(s)"		
15 May 2012	Hong Kong Dinner Event - Hong Kong	Hall Hiten, Grand Prince Hotel New Takanawa,	—
	Trade Development Council	Tokyo, Japan	
16-22-June 2012	"HKCO Quintet" Ensemble	18.6 Teatr Stary, Lublin	—
		19.6 The Lutoslawski Hall of the Polish Radio,	
		Warsaw	
	Chinese music - from ancient melody to	21.6 Mazowieckie Centrum of Culture, Warsaw	Yan Huichang
	modern music' Lecture		
17 October 2012	Hong Kong Synergy 24 Durum work shop	Sichuan Conservatory Of Music - Mutiple Purpose	—
	by HKCO	Hall, Chengdu	
18 October 2012	AUTUMN SOUND - Chengdu	Sichuan Conservatory Of Music - Concert Hall,	Xiao Chao (1st Half)
	Contemporary Music Festival (2012)	Chengdu	Yan Huichang (2nd Half)
	Classics Works Of Maestro Doming Lam		
20-22 Nov 2012	Hong Kong Week - "Collision"	Legacy Taipei, Taipei City, Taiwan	—
23 & 24 Nov 2012	Plano de Generalizacao da Educacao	(Grande Auditorio do Centro Cultural de Macau)	Chew Hee Chiat
	Artistica para Alunos do Ensino	Macao	
	Secundario - Saborear a Tradicao Alpreciar		
	em Conjunto a Musica Chinesa (2012)		
1-6 Dec 2012	Hong Kong Week - "Jewel from Hong	2.12 Zhongzheng Auditorium, Taipei City, Taiwan	Yan Huichang
	Kong"	3.12 The Hsinchu City Performance Hall,	Yan Huichang
		Performing Arts Center, Hsinchu City, Taiwan	
		5.12 Yuanlin Performance Hall, Changhua County,	Yan Huichang
		Taiwan	
1 February 2013	The Final Concert of the	Grand Auditorium du Conservatoire de Musique de	Yan Huichang
	10th International Composition Prize	la Ville de Luxembourg	
	Luxembourg		

Date	Concerts	Place	Conductor(s)
4-13 Feb 2013	Chinese New Year Touring Concert	4.2 Societeit de Witte, The Hague, The Netherlands	–
	Presented by The Hong Kong Economic	6.2 Albert Hall, Brussels, Belgium	
	and Trade Office in Berlin & Brussels	7.2 Pavillon Vendome, Paris, France	
	(HKCO Ensemble)	11.2 Pałac Prymasowski, Warsaw, Poland	
		13.2 Haus der Deutschen Bank, Berlin, Germany	
14 February 2013	HKCO Principal Huqin Quartet	Esplanade Recital Studio, Singapore	–
	"Huayi - Chinese Festival of Arts"		
4-10 October 2013	HKCO Russia Tour	4/10 Opera House, Chelyabinsk	Yan Huichang
		5/10 Philharmonic Hall, Ekaterinburg	
		7/10 Philharmonic Hall Tyumen	
		10/10 House of Architects Moscow	
3-4 Sept 2014	Master Classes on Chinese Music	Esplanade Recital Studio, Singapore	Yan Huichang
	Conducting		(Mentor)
3-5 Sep 2014	New Notes on Chinese Strings-	3/9 Raffles Institution (Year 1-4) Auditorium,	Chew Hee Chiat
	An outreach concert featuring the	Singapore	
	HKCO String Ensemble	5/9 Toa Payoh Central Community Club, Singapore	Chew Hee Chiat
6 Sep 2014	Moon Fest – An Evening with HKCO	Esplanade Concert Hall, Singapore	Yan Huichang
30 October 2014	Chongqing – Hong Kong Music	Gelan Town Welfare Home in Changshou District,	–
	Exchange 2014 – Charity Concert	Chongqing City	
	(Nursing home)		
	Chongqing – Hong Kong Music	Gelan Town Primary School in Changshou District,	–
	Exchange 2014 – Charity Concert	Chongqing City	
	(school)		
31 October 2014	Chongqing – Hong Kong Music	Grand Hall, Chongqing Grand Theatre	–
	Exchange 2014 – Collision ChongQing		
25-27 Mar 2015	Saborear a Tradicao	Grande Auditorio do Centro Cenuaral de Macau	Chew Hee Chiat
	Aprecia em Conjunto a Musica Chinesa		
3 April 2015	2015 Taiwan International Festival of	Taipei National Concert Hall	Yan Huichang
	Arts - Genghis Khan		

Date	Concerts	Place	Conductor(s)
26-30 Aug 2015	HKCO Baltic Tour	26-27/8 Helsinki Music Center, Finland	Yan Huichang
		29/8 Estonia Concert Hall, Tallinn, Estonia	Yan Huichang
		30/8 Pärnu Concert Hall, Pärnu, Estonia	Yan Huichang
10 Sep 2015	Shanxi – Hong Kong Music Exchange	Xi'an Concert Hall	–
	2015 – Collision ChangAn		
5 October 2015	29th Macau International Music Festival	Grand Auditorium, Macau Cultural Centre	Yan Huichang
	- Jing Qi Shen		
15-21 Dec 2015	Voice of YIDA China Tour	15-17/12 Dalian International Convention	Yan Huichang
		Centre Theatre	
		19/12 Wuhan Qintai Grand Theatre	Yan Huichang
		21/12 Shanghai Grand Theatre	Yan Huichang

Appendix XXI

Questionnaire

Please show your view by putting "x" in the appropriate space.

PART I

- (I) An assessment of the value of cultural policy in general or of cultural organizations in specific should not be a mere measure of administrative concerns.

Agree ____

Disagree ____

- (II) For a mission driven non-profit distributing performing arts company, "means-ends perspective" should be adopted in most of the micro-level measurement tools. The outcome and output is vital in accomplishment of its mission and core values.

Agree ____

Disagree ____

- (III) Financial and administrative assessment on the reasonable use of resources should be one key aspect of measure, it is equally true that the use of resources should be weighted on the basis of "objectives", "cultural production at specific contexts", "artistic achievements", "quality assessment" and "cultural impacts" that a cultural organization under review may bring to the community.

Agree ____

Disagree ____

- (IV) A cultural audit should be of cultural sensitivity. Otherwise, the case may be victimized by the exaggerating use of administrative and financial indicators.

Agree ____

Disagree ____

- (V) It is more important to measure how the financial resources, artistic qualities, connectedness with international and local cultural communities are realized.

Agree ____

Disagree ____

PART II

(vi) Under the condition that principles of corporate governance are embraced, you prefer:

☐ A vibrant and risk-taking Board that allow room for artistic development; or

☐ A conservative Board that always plays safe.

(vii) Taking into consideration the nature of a performing arts organization, as a CEO, you will

☐ Table or submit proposal to seek approval from Board to cope with operational needs when necessary; or

☐ Follow administrative timeframe for Council meeting even though it may affect operation schedule.

(viii) From artist management point of view, you will:

☐ Allow musicians, dancers or actors to leave earlier for self-practice so far as the artistic head is satisfied with their group performance within designated rehearsal hours ; or

☐ Ask artistes to stay until designated rehearsal finishing time even though the artistic head is satisfied with the rehearsal.

(ix) You have organized a cultural exchange activity with groups coming from other countries (group members pay their own airfare and with no engagement fee). If there is still empty seats in the hall, you will:

☐ Allow them to stay in the auditorium to attend other group's performance as it is a cultural exchange activity and there are empty seats anyway; or

☐ Ask them to buy tickets to minimize issuance of complimentary tickets, otherwise, they have to leave after their own performance.

- (x) The Industry practice of your country is to count attendance record by computer record of ticket sold through a central system. To count attendance record of your performance, you will:

☐ Follow the Industry practice for easy comparative study and reference; or

☐ Count ticket stub because not all buyers turn out. Ticket sold does not represent actual attendance, even though there may be discrepancy in stub counting.

- (xi) From marketing point of view, would you issue complimentary tickets as a kind of token of thanks to sponsor.

☐ Yes; or

☐ No

- (xii) If a study of your organization was leaked to the media before the official release time as promised by the Government, and there are waves of misleading comments from the press and media. Being a Board member of CEO of the organization, you will:

☐ Keep silent because the news will pass. It will be worse if you give response to it; or

☐ With Integrity and be responsible to stakeholders, speak out the truth to embrace principles of best disclosure.

- (xiii) What is your opinion on the value of arts?

THANK YOU FOR YOUR TIME

Part III

The data provided by you will only be used for survey purposes. Privacy Commissioner for personal data held understanding 18th, 22nd and 6th principles in Schedule 1 provides that you have the right to request access to and change the personal information provided.

Name: _____

Age: ☐ Below 15 ☐ 15 – 21 ☐ 22 – 40 ☐ 40 – 60 ☐ above 60

Gender: ☐ Female ☐ Male

Occupation:

- ☐ Student ☐ Housewife ☐ Retired
☐ Artist ☐ Arts Administrator
☐ Work in relation to arts industry
☐ Businessman ☐ General Administration
☐ Professional, not in relation to arts

Experience with Arts:

- ☐ Nil
☐ As Audience
☐ Full-time staff of arts organization or in relation
☐ Volunteer worker of arts organization or in relation
☐ Others _____

Pearson Correlation Table of Questionnaire Findings

Correlations

Correlations

		Age	Gender	Occupation	Experience_wit h_arts	Question1	Question2	Question3	Question4
Age	Pearson Correlation	1	.457**	.326**	-.016	-.119	-.068	-.217	-.138
	Sig. (2-tailed)		.000	.003	.886	.294	.553	.054	.222
	N	80	80	80	78	80	79	80	80
Gender	Pearson Correlation	.457**	1	.298**	-.099	.061	.048	-.049	-.012
	Sig. (2-tailed)	.000		.007	.389	.593	.672	.663	.916
	N	80	80	80	78	80	79	80	80
Occupation	Pearson Correlation	.326**	.298**	1	-.240*	-.075	.082	-.006	.251*
	Sig. (2-tailed)	.003	.007		.034	.510	.472	.957	.024
	N	80	80	80	78	80	79	80	80
Experience with arts	Pearson Correlation	-.016	-.099	-.240*	1	.249*	-.006	-.013	-.022
	Sig. (2-tailed)	.886	.389	.034		.028	.958	.907	.846
	N	78	78	78	78	78	77	78	78
Question1	Pearson Correlation	-.119	.061	-.075	.249*	1	.028	.030	.138
	Sig. (2-tailed)	.294	.593	.510	.028		.804	.793	.222
	N	80	80	80	78	80	79	80	80
Question2	Pearson Correlation	-.068	.048	.082	-.006	.028	1	.060	-.062
	Sig. (2-tailed)	.553	.672	.472	.958	.804		.602	.588
	N	79	79	79	77	79	79	79	79

Correlations

		Question5	Question6	Question7	Question8	Question9	Question10	Question11	Question12
Age	Pearson Correlation	-.096	.047	.119	-.075	-.030	-.394**	.020	.096
	Sig. (2-tailed)	.399	.684	.298	.509	.793	.001	.862	.397
	N	80	77	78	79	80	74	80	80
Gender	Pearson Correlation	-.195	-.089	.011	.039	-.012	-.128	-.121	-.009
	Sig. (2-tailed)	.084	.442	.922	.732	.916	.276	.286	.939
	N	80	77	78	79	80	74	80	80
Occupation	Pearson Correlation	-.202	.166	.020	.064	.161	-.116	.081	-.169
	Sig. (2-tailed)	.072	.149	.862	.578	.155	.324	.474	.134
	N	80	77	78	79	80	74	80	80
Experience_with_arts	Pearson Correlation	.021	-.140	.062	-.208	.075	-.016	-.057	.058
	Sig. (2-tailed)	.852	.231	.592	.070	.516	.891	.617	.612
	N	78	75	76	77	78	72	78	78
Question1	Pearson Correlation	.071	.141	.010	-.100	-.070	-.035	.196	-.013
	Sig. (2-tailed)	.529	.221	.930	.382	.536	.770	.081	.908
	N	80	77	78	79	80	74	80	80
Question2	Pearson Correlation	.102	.059	.190	.041	-.062	-.066	-.050	-.338**
	Sig. (2-tailed)	.372	.615	.096	.722	.588	.582	.660	.002
	N	79	76	78	78	79	73	79	79

Correlations

		Age	Gender	Occupation	Experience_wit h_ars	Question1	Question2	Question3	Question4
Question3	Pearson Correlation	-.217	-.049	-.006	-.013	.030	.060	1	-.061
	Sig. (2-tailed)	.054	.663	.957	.907	.793	.602		.590
	N	80	80	80	78	80	79	80	80
Question4	Pearson Correlation	-.138	-.012	.251 [*]	-.022	.138	-.062	-.061	1
	Sig. (2-tailed)	.222	.916	.024	.846	.222	.588	.590	
	N	80	80	80	78	80	79	80	80
Question5	Pearson Correlation	-.096	-.195	-.202	.021	.071	.102	.103	-.051
	Sig. (2-tailed)	.399	.084	.072	.852	.529	.372	.364	.653
	N	80	80	80	78	80	79	80	80
Question6	Pearson Correlation	.047	-.089	.166	-.140	.141	.059	-.108	-.069
	Sig. (2-tailed)	.684	.442	.149	.231	.221	.615	.351	.554
	N	77	77	77	76	77	76	77	77
Question7	Pearson Correlation	.119	.011	.020	.062	.010	.190	-.106	-.068
	Sig. (2-tailed)	.298	.922	.862	.592	.930	.096	.355	.556
	N	78	78	78	76	78	78	78	78
Question8	Pearson Correlation	-.075	.039	.064	-.208	-.100	.041	-.083	-.108
	Sig. (2-tailed)	.509	.732	.578	.070	.382	.722	.580	.344
	N	79	79	79	77	79	78	79	79

Correlations

		Question5	Question6	Question7	Question8	Question9	Question10	Question11	Question12
Question3	Pearson Correlation	.103	-.108	-.106	-.063	.172	.177	-.050	.103
	Sig. (2-tailed)	.364	.351	.355	.580	.128	.132	.662	.362
	N	80	77	78	79	80	74	80	80
Question4	Pearson Correlation	-.051	-.069	-.068	-.108	-.039	.122	-.032	-.154
	Sig. (2-tailed)	.653	.554	.556	.344	.732	.300	.781	.174
	N	80	77	78	79	80	74	80	80
Question5	Pearson Correlation	1	.112	-.088	-.017	-.051	.122	-.041	.086
	Sig. (2-tailed)		.332	.441	.880	.653	.300	.716	.448
	N	80	77	78	79	80	74	80	80
Question6	Pearson Correlation	.112	1	.186	.244 [*]	.371 ^{**}	-.066	-.056	.116
	Sig. (2-tailed)	.332		.110	.034	.001	.582	.631	.315
	N	77	77	75	76	77	73	77	77
Question7	Pearson Correlation	-.088	.186	1	.214	.152	-.191	-.055	-.164
	Sig. (2-tailed)	.441	.110		.061	.184	.107	.633	.151
	N	78	75	78	77	78	72	78	78
Question8	Pearson Correlation	-.017	.244 [*]	.214	1	.208	.157	-.088	-.018
	Sig. (2-tailed)	.880	.034	.061		.066	.186	.443	.877
	N	79	76	77	79	79	73	79	79

Correlations

		Age	Gender	Occupation	Experience_wit h_arts	Question1	Question2	Question3	Question4
Question9	Pearson Correlation	-.030	-.012	.181	.076	-.070	-.082	.172	-.039
	Sig. (2-tailed)	.793	.916	.155	.516	.536	.588	.128	.732
	N	80	80	80	78	80	79	80	80
Question10	Pearson Correlation	-.394**	-.128	-.116	-.016	-.035	-.066	.177	.122
	Sig. (2-tailed)	.001	.276	.324	.891	.770	.582	.132	.300
	N	74	74	74	72	74	73	74	74
Question11	Pearson Correlation	.020	-.121	.081	-.057	.196	-.050	-.050	-.032
	Sig. (2-tailed)	.862	.286	.474	.617	.081	.660	.662	.781
	N	80	80	80	78	80	79	80	80
Question12	Pearson Correlation	.096	-.009	-.169	.058	-.013	-.338**	.103	-.154
	Sig. (2-tailed)	.397	.939	.134	.612	.908	.002	.362	.174
	N	80	80	80	78	80	79	80	80

Correlations

		Question5	Question6	Question7	Question8	Question9	Question10	Question11	Question12
Question9	Pearson Correlation	-.051	.371**	.152	.208	1	.122	-.032	.066
	Sig. (2-tailed)	.653	.001	.184	.066		.300	.781	.562
	N	80	77	78	79	80	74	80	80
Question10	Pearson Correlation	.122	-.066	-.191	.157	.122	1	.042	.092
	Sig. (2-tailed)	.300	.582	.107	.186	.300		.724	.435
	N	74	73	72	73	74	74	74	74
Question11	Pearson Correlation	-.041	-.056	-.055	-.088	-.032	.042	1	.053
	Sig. (2-tailed)	.716	.631	.633	.443	.781	.724		.638
	N	80	77	78	79	80	74	80	80
Question12	Pearson Correlation	.086	.116	-.164	-.018	.066	.092	.053	1
	Sig. (2-tailed)	.448	.315	.151	.877	.562	.435	.638	
	N	80	77	78	79	80	74	80	80

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

Cross Tabulation Analysis with Chi Square Test

CROSSTABS

/TABLES=Age Gender Occupation BY Experience_with_arts Others_Experience_with_arts Qu
estion1

Question2 Question3 Question4 Question5 Question6 Question7 Question8 Question9 Qu
estion10

Question11 Question12

/FORMAT=AVALUE TABLES

/STATISTICS=CHISQ CORR

/CELLS=COUNT EXPECTED

/COUNT ROUND CELL.

Crosstabs**Warnings**

CORR statistics are available for numeric data only.

CORR statistics are available for numeric data only.

CORR statistics are available for numeric data only.

Case Processing Summary

	Valid		Cases Missing		Total	
	N	Percent	N	Percent	N	Percent
Age * Experience_with_arts	78	97.5%	2	2.5%	80	100.0%
Age * Others_Experience_with_arts	80	100.0%	0	0.0%	80	100.0%
Age * Question1	80	100.0%	0	0.0%	80	100.0%
Age * Question2	79	98.8%	1	1.3%	80	100.0%
Age * Question3	80	100.0%	0	0.0%	80	100.0%
Age * Question4	80	100.0%	0	0.0%	80	100.0%
Age * Question5	80	100.0%	0	0.0%	80	100.0%
Age * Question6	77	96.3%	3	3.8%	80	100.0%
Age * Question7	78	97.5%	2	2.5%	80	100.0%
Age * Question8	79	98.8%	1	1.3%	80	100.0%
Age * Question9	80	100.0%	0	0.0%	80	100.0%
Age * Question10	74	92.5%	6	7.5%	80	100.0%
Age * Question11	80	100.0%	0	0.0%	80	100.0%

Case Processing Summary

	Valid		Cases Missing		Total	
	N	Percent	N	Percent	N	Percent
Age * Question12	80	100.0%	0	0.0%	80	100.0%
Gender * Experience_with_arts	78	97.5%	2	2.5%	80	100.0%
Gender * Others_Experience_with_arts	80	100.0%	0	0.0%	80	100.0%
Gender * Question1	80	100.0%	0	0.0%	80	100.0%
Gender * Question2	79	98.8%	1	1.3%	80	100.0%
Gender * Question3	80	100.0%	0	0.0%	80	100.0%
Gender * Question4	80	100.0%	0	0.0%	80	100.0%
Gender * Question5	80	100.0%	0	0.0%	80	100.0%
Gender * Question6	77	96.3%	3	3.8%	80	100.0%
Gender * Question7	78	97.5%	2	2.5%	80	100.0%
Gender * Question8	79	98.8%	1	1.3%	80	100.0%
Gender * Question9	80	100.0%	0	0.0%	80	100.0%
Gender * Question10	74	92.5%	6	7.5%	80	100.0%
Gender * Question11	80	100.0%	0	0.0%	80	100.0%
Gender * Question12	80	100.0%	0	0.0%	80	100.0%
Occupation * Experience_with_arts	78	97.5%	2	2.5%	80	100.0%
Occupation * Others_Experience_with_arts	80	100.0%	0	0.0%	80	100.0%
Occupation * Question1	80	100.0%	0	0.0%	80	100.0%
Occupation * Question2	79	98.8%	1	1.3%	80	100.0%
Occupation * Question3	80	100.0%	0	0.0%	80	100.0%
Occupation * Question4	80	100.0%	0	0.0%	80	100.0%
Occupation * Question5	80	100.0%	0	0.0%	80	100.0%
Occupation * Question6	77	96.3%	3	3.8%	80	100.0%
Occupation * Question7	78	97.5%	2	2.5%	80	100.0%
Occupation * Question8	79	98.8%	1	1.3%	80	100.0%
Occupation * Question9	80	100.0%	0	0.0%	80	100.0%
Occupation * Question10	74	92.5%	6	7.5%	80	100.0%
Occupation * Question11	80	100.0%	0	0.0%	80	100.0%
Occupation * Question12	80	100.0%	0	0.0%	80	100.0%

Age * Experience_with_arts

Crosstab

			Experience_with_arts			
			Nil	As Audience	Full-time staff of arts organization or In relation	Volunteer worker of arts organization or In relation
Age						
15-21	Count		0	3	0	0
	Expected Count		.2	.6	2.0	.2
22-40	Count		2	7	29	3
	Expected Count		2.6	8.4	26.8	3.2
40-60	Count		2	5	22	3
	Expected Count		2.1	6.6	20.9	2.5
Above 60	Count		1	1	0	0
	Expected Count		.1	.4	1.3	.2
Total	Count		5	16	51	6
	Expected Count		5.0	16.0	51.0	6.0

Crosstab

			Total
Age 15-21	Count		3
	Expected Count		3.0
22-40	Count		41
	Expected Count		41.0
40-60	Count		32
	Expected Count		32.0
Above 60	Count		2
	Expected Count		2.0
Total	Count		78
	Expected Count		78.0

Chi-Square Tests

	Value	df	Asymptotic Significance (2- sided)
Pearson Chi-Square	20.983 ^a	9	.013
Likelihood Ratio	16.564	9	.056
Linear-by-Linear Association	.021	1	.885
N of Valid Cases	78		

a. 12 cells (75.0%) have expected count less than 5. The minimum expected count is .13.

Symmetric Measures

		Value	Asymptotic Standard Error ^a	Approximate T ^b
Interval by Interval	Pearson's R	-.016	.137	-.143
Ordinal by Ordinal	Spearman Correlation	.031	.127	.274
N of Valid Cases		78		

Symmetric Measures

		Approximate Significance
Interval by Interval	Pearson's R	.886 ^c
Ordinal by Ordinal	Spearman Correlation	.785 ^c
N of Valid Cases		

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on normal approximation.

Age * Others_Experience_with_arts

Crosstab

		Others_Experience_with_arts			
			Freelancer	Total	
Age	15-21	Count	3	0	3
		Expected Count	2.9	.1	3.0
	22-40	Count	41	1	42
		Expected Count	41.0	1.1	42.0
	40-60	Count	32	1	33
		Expected Count	32.2	.8	33.0
	Above 60	Count	2	0	2
		Expected Count	2.0	.1	2.0
	Total	Count	78	2	80
		Expected Count	78.0	2.0	80.0

Chi-Square Tests

	Value	df	Asymptotic Significance (2- sided)
Pearson Chi-Square	.169 ^a	3	.982
Likelihood Ratio	.291	3	.962
N of Valid Cases	80		

a. 6 cells (75.0%) have expected count less than 5. The minimum expected count is .05.

Symmetric Measures^a

	Value
N of Valid Cases	80

a. Correlation statistics are available for numeric data only.

Age * Question1

Crosstab

			Question1		
			Agree	Disagree	Total
Age	15-21	Count	3	0	3
		Expected Count	2.7	.3	3.0
	22-40	Count	35	7	42
		Expected Count	37.3	4.7	42.0
	40-60	Count	31	2	33
		Expected Count	29.3	3.7	33.0
	Above 60	Count	2	0	2
		Expected Count	1.8	.2	2.0
Total		Count	71	9	80
		Expected Count	71.0	9.0	80.0

Chi-Square Tests

	Value	df	Asymptotic Significance (2- sided)
Pearson Chi-Square	2.758 ^a	3	.430
Likelihood Ratio	3.337	3	.343
Linear-by-Linear Association	1.115	1	.291
N of Valid Cases	80		

a. 6 cells (75.0%) have expected count less than 5. The minimum expected count is .23.

Symmetric Measures

		Asymptotic Standard Error ^a		
		Value		Approximate T ^b
Interval by Interval	Pearson's R	-.119	.084	-1.057
Ordinal by Ordinal	Spearman Correlation	-.133	.091	-1.189
N of Valid Cases		80		

Symmetric Measures

		Approximate Significance
Interval by Interval	Pearson's R	.294 ^a
Ordinal by Ordinal	Spearman Correlation	.238 ^a
N of Valid Cases		

- a. Not assuming the null hypothesis.
- b. Using the asymptotic standard error assuming the null hypothesis.
- c. Based on normal approximation.

Age * Question2

Crosstab

			Question2		
			Agree	Disagree	Total
Age	16-21	Count	3	0	3
		Expected Count	2.7	.3	3.0
	22-40	Count	37	5	42
		Expected Count	38.3	3.7	42.0
	40-60	Count	30	2	32
		Expected Count	29.2	2.8	32.0
	Above 60	Count	2	0	2
		Expected Count	1.8	.2	2.0
Total	Count	72	7	79	
	Expected Count	72.0	7.0	79.0	

Chi-Square Tests

	Value	df	Asymptotic Significance (2- sided)
Pearson Chi-Square	1.238 ^a	3	.744
Likelihood Ratio	1.665	3	.645
Linear-by-Linear Association	.357	1	.550
N of Valid Cases	79		

- a. 6 cells (75.0%) have expected count less than 5. The minimum expected count is .18.

Symmetric Measures

		Value	Asymptotic Standard Error ^a	Approximate T ^b
Interval by Interval	Pearson's R	-.068	.088	-.595
Ordinal by Ordinal	Spearman Correlation	-.076	.096	-.670
N of Valid Cases		79		

Symmetric Measures

		Approximate Significance
Interval by Interval	Pearson's R	.553 ^c
Ordinal by Ordinal	Spearman Correlation	.505 ^c
N of Valid Cases		

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on normal approximation.

Age * Question3

Crosstab

			Question3		
			Agree	Disagree	Total
Age	15-21	Count	3	0	3
		Expected Count	2.7	.3	3.0
	22-40	Count	35	7	42
		Expected Count	38.3	3.7	42.0
	40-60	Count	33	0	33
		Expected Count	30.1	2.9	33.0
	Above 60	Count	2	0	2
		Expected Count	1.8	.2	2.0
Total	Count	73	7	80	
	Expected Count	73.0	7.0	80.0	

Chi-Square Tests

	Value	df	Asymptotic Significance (2- sided)
Pearson Chi-Square	6.941 ^a	3	.074
Likelihood Ratio	9.627	3	.022
Linear-by-Linear Association	3.704	1	.054
N of Valid Cases	80		

a. 6 cells (75.0%) have expected count less than 5. The minimum expected count is .18.

Symmetric Measures

		Value	Asymptotic Standard Error ^a	Approximate T ^b
Interval by Interval	Pearson's R	-.217	.052	-1.959
Ordinal by Ordinal	Spearman Correlation	-.242	.054	-2.204
N of Valid Cases		80		

Symmetric Measures

		Approximate Significance
Interval by Interval	Pearson's R	.054 ^c
Ordinal by Ordinal	Spearman Correlation	.030 ^c
N of Valid Cases		

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on normal approximation.

Age * Question4

Crosstab

			Question4		
			Agree	Disagree	Total
Age	15-21	Count	3	0	3
		Expected Count	2.9	.1	3.0
	22-40	Count	39	3	42
		Expected Count	40.4	1.6	42.0
	40-60	Count	33	0	33
		Expected Count	31.8	1.2	33.0
	Above 60	Count	2	0	2
		Expected Count	1.9	.1	2.0
Total	Count		77	3	80
	Expected Count		77.0	3.0	80.0

Chi-Square Tests

	Value	df	Asymptotic Significance (2- sided)
Pearson Chi-Square	2.820 ^a	3	.420
Likelihood Ratio	3.972	3	.265
Linear-by-Linear Association	1.505	1	.220
N of Valid Cases	80		

a. 6 cells (75.0%) have expected count less than 5. The minimum expected count is .08.

Symmetric Measures

		Asymptotic Standard Error ^a		
		Value	Approximate T ^b	
Interval by Interval	Pearson's R	-.138	.045	-1.231
Ordinal by Ordinal	Spearman Correlation	-.154	.048	-1.380
N of Valid Cases		80		

Symmetric Measures

		Approximate Significance
Interval by Interval	Pearson's R	.222 ^c
Ordinal by Ordinal	Spearman Correlation	.172 ^c
N of Valid Cases		

- a. Not assuming the null hypothesis.
b. Using the asymptotic standard error assuming the null hypothesis.
c. Based on normal approximation.

Age * Question5

Crosstab

			Question5		
			Agree	Disagree	Total
Age	15-21	Count	3	0	3
		Expected Count	2.8	.2	3.0
	22-40	Count	38	4	42
		Expected Count	39.4	2.6	42.0
	40-60	Count	32	1	33
		Expected Count	30.9	2.1	33.0
	Above 60	Count	2	0	2
		Expected Count	1.9	.1	2.0
Total		Count	75	5	80
		Expected Count	75.0	5.0	80.0

Chi-Square Tests

	Value	df	Asymptotic Significance (2- sided)
Pearson Chi-Square	1.685 ^a	3	.640
Likelihood Ratio	2.027	3	.567
Linear-by-Linear Association	.722	1	.396
N of Valid Cases	80		

a. 6 cells (75.0%) have expected count less than 5. The minimum expected count is .13.

Symmetric Measures

		Value	Asymptotic Standard Error ^a	Approximate T ^b
Interval by Interval	Pearson's R	-.096	.080	-.848
Ordinal by Ordinal	Spearman Correlation	-.107	.087	-.953
N of Valid Cases		80		

Symmetric Measures

		Approximate Significance
Interval by Interval	Pearson's R	.399 ^c
Ordinal by Ordinal	Spearman Correlation	.344 ^c
N of Valid Cases		

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on normal approximation.

Age * Question6

Crosstab

			Question6		
			Vibrant and Risk-taking Board	Conservative Board that always plays safe	Total
Age	15-21	Count	3	0	3
		Expected Count	2.7	.3	3.0
	22-40	Count	36	5	41
		Expected Count	36.7	4.3	41.0
	40-60	Count	29	2	31
		Expected Count	27.8	3.2	31.0
	Above 60	Count	1	1	2
		Expected Count	1.8	.2	2.0
Total	Count	69	8	77	
	Expected Count	69.0	8.0	77.0	

Chi-Square Tests

	Value	df	Asymptotic Significance (2- sided)
Pearson Chi-Square	4.378 ^a	3	.223
Likelihood Ratio	3.359	3	.340
Linear-by-Linear Association	.168	1	.681
N of Valid Cases	77		

a. 6 cells (75.0%) have expected count less than 5. The minimum expected count is .21.

Symmetric Measures

	Value	Asymptotic Standard Error ^a	Approximate T ^b
Interval by Interval Pearson's R	.047	.129	.408
Ordinal by Ordinal Spearman Correlation	.010	.119	.084
N of Valid Cases	77		

Symmetric Measures

	Approximate Significance
Interval by Interval Pearson's R	.684 ^c
Ordinal by Ordinal Spearman Correlation	.933 ^c
N of Valid Cases	

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on normal approximation.

Age * Question7

Crosstab

Question7

			Table and Submit Proposal to cope with operational needs	Follow administrative timeframe even though It may affect operation schedule	Total
Age	15-21	Count	3	0	3
		Expected Count	2.7	.3	3.0
	22-40	Count	39	3	42
		Expected Count	37.7	4.3	42.0
	40-60	Count	26	5	31
		Expected Count	27.8	3.2	31.0
	Above 60	Count	2	0	2
		Expected Count	1.8	.2	2.0
Total	Count	70	8	78	
	Expected Count	70.0	8.0	78.0	

Chi-Square Tests

	Value	df	Asymptotic Significance (2- sided)
Pearson Chi-Square	2.175 ^a	3	.537
Likelihood Ratio	2.580	3	.481
Linear-by-Linear Association	1.096	1	.295
N of Valid Cases	78		

a. 6 cells (75.0%) have expected count less than 5. The minimum expected count is .21.

Symmetric Measures

		Value	Asymptotic Standard Error ^a	Approximate T ^b
Interval by Interval	Pearson's R	.119	.095	1.048
Ordinal by Ordinal	Spearman Correlation	.133	.104	1.167
N of Valid Cases		78		

Symmetric Measures

		Approximate Significance
Interval by Interval	Pearson's R	.298 ^c
Ordinal by Ordinal	Spearman Correlation	.247 ^c
N of Valid Cases		

- a. Not assuming the null hypothesis.
b. Using the asymptotic standard error assuming the null hypothesis.
c. Based on normal approximation.

Age * Question8

Crosstab

Question8

			Allow artists to leave if artistic head is satisfied with rehearsal	Ask artists to stay until designated rehearsal time	Total
Age	15-21	Count	2	1	3
		Expected Count	2.3	.7	3.0
	22-40	Count	31	11	42
		Expected Count	32.4	9.6	42.0
	40-60	Count	27	5	32
		Expected Count	24.7	7.3	32.0
	Above 60	Count	1	1	2
		Expected Count	1.5	.5	2.0
Total		Count	61	18	79
		Expected Count	61.0	18.0	79.0

Chi-Square Tests

	Value	df	Asymptotic Significance (2- sided)
Pearson Chi-Square	2.241 ^a	3	.524
Likelihood Ratio	2.160	3	.540
Linear-by-Linear Association	.443	1	.506
N of Valid Cases	79		

a. 4 cells (50.0%) have expected count less than 5. The minimum expected count is .46.

Symmetric Measures

		Value	Asymptotic Standard Error ^a	Approximate T ^b
Interval by Interval	Pearson's R	-.075	.121	-.663
Ordinal by Ordinal	Spearman Correlation	-.093	.115	-.824
N of Valid Cases		79		

Symmetric Measures

		Approximate Significance
Interval by Interval	Pearson's R	.509 ^c
Ordinal by Ordinal	Spearman Correlation	.413 ^c
N of Valid Cases		

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on normal approximation.

Age * Question9

Crosstab

Question9

			Allow them to attend other group's performance	Ask them to buy tickets to minimize issuance of complimentary tickets	Total
Age	15-21	Count	3	0	3
		Expected Count	2.9	.1	3.0
	22-40	Count	40	2	42
		Expected Count	40.4	1.6	42.0
	40-60	Count	32	1	33
		Expected Count	31.8	1.2	33.0
	Above 60	Count	2	0	2
		Expected Count	1.9	.1	2.0
Total	Count	77	3	80	
	Expected Count	77.0	3.0	80.0	

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	.361 ^a	3	.948
Likelihood Ratio	.543	3	.909
Linear-by-Linear Association	.070	1	.791
N of Valid Cases	80		

a. 6 cells (75.0%) have expected count less than 5. The minimum expected count is .08.

Symmetric Measures

		Value	Asymptotic Standard Error ^a	Approximate T ^b
Interval by Interval	Pearson's R	-.030	.088	-.263
Ordinal by Ordinal	Spearman Correlation	-.034	.098	-.298
N of Valid Cases		80		

Symmetric Measures

		Approximate Significance
Interval by Interval	Pearson's R	.793 ^c
Ordinal by Ordinal	Spearman Correlation	.766 ^c
N of Valid Cases		

- a. Not assuming the null hypothesis.
- b. Using the asymptotic standard error assuming the null hypothesis.
- c. Based on normal approximation.

Age * Question10

Crosstab

Question10

			Follow Industry practice, by central computer record	Count ticket stub	Total
Age	15-21	Count	1	2	3
		Expected Count	1.9	1.1	3.0
	22-40	Count	18	21	39
		Expected Count	24.2	14.8	39.0
	40-60	Count	26	5	31
		Expected Count	19.3	11.7	31.0
	Above 60	Count	1	0	1
		Expected Count	.6	.4	1.0
Total		Count	46	28	74
		Expected Count	46.0	28.0	74.0

Chi-Square Tests

	Value	df	Asymptotic Significance (2- sided)
Pearson Chi-Square	12.129 ^a	3	.007
Likelihood Ratio	13.118	3	.004
Linear-by-Linear Association	11.321	1	.001
N of Valid Cases	74		

a. 4 cells (50.0%) have expected count less than 5. The minimum expected count is .38.

Symmetric Measures

		Value	Asymptotic Standard Error ^a	Approximate T ^b
Interval by Interval	Pearson's R	-.394	.097	-3.635
Ordinal by Ordinal	Spearman Correlation	-.403	.099	-3.739
N of Valid Cases		74		

Symmetric Measures

		Approximate Significance
Interval by Interval	Pearson's R	.001 ^c
Ordinal by Ordinal	Spearman Correlation	.000 ^d
N of Valid Cases		

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on normal approximation.

Age * Question11

Crosstab

			Question11		
			yes	No	Total
Age	15-21	Count	3	0	3
		Expected Count	2.9	.1	3.0
	22-40	Count	41	1	42
		Expected Count	41.0	1.1	42.0
	40-60	Count	32	1	33
		Expected Count	32.2	.8	33.0
	Above 60	Count	2	0	2
		Expected Count	2.0	.1	2.0
Total		Count	78	2	80
		Expected Count	78.0	2.0	80.0

Chi-Square Tests

	Value	df	Asymptotic Significance (2- sided)
Pearson Chi-Square	.169 ^a	3	.982
Likelihood Ratio	.281	3	.962
Linear-by-Linear Association	.031	1	.861
N of Valid Cases	80		

a. 6 cells (75.0%) have expected count less than 5. The minimum expected count is .05.

Symmetric Measures

		Value	Asymptotic Standard Error ^a	Approximate T ^b
Interval by Interval	Pearson's R	.020	.093	.175
Ordinal by Ordinal	Spearman Correlation	.022	.103	.190
N of Valid Cases		80		

Symmetric Measures

		Approximate Significance
Interval by Interval	Pearson's R	.862 ^a
Ordinal by Ordinal	Spearman Correlation	.850 ^a
N of Valid Cases		

- a. Not assuming the null hypothesis.
- b. Using the asymptotic standard error assuming the null hypothesis.
- c. Based on normal approximation.

Age * Question12

Crosstab

			Question12		
			Keep Silent	Speak out the truth to embrace principles of best disclosure	Total
Age	15-21	Count	0	3	3
		Expected Count	.3	2.7	3.0
	22-40	Count	8	36	42
		Expected Count	4.2	37.8	42.0
	40-60	Count	2	31	33
		Expected Count	3.3	29.7	33.0
	Above 60	Count	0	2	2
		Expected Count	.2	1.8	2.0
Total	Count	8	72	80	
	Expected Count	8.0	72.0	80.0	

Chi-Square Tests

	Value	df	Asymptotic Significance (2- sided)
Pearson Chi-Square	1.982 ^a	3	.576
Likelihood Ratio	2.474	3	.480
Linear-by-Linear Association	.728	1	.394
N of Valid Cases	80		

a. 6 cells (75.0%) have expected count less than 5. The minimum expected count is .20.

Symmetric Measures

		Value	Asymptotic Standard Error ^a	Approximate T ^b
Interval by Interval	Pearson's R	.096	.085	.852
Ordinal by Ordinal	Spearman Correlation	.108	.093	.959
N of Valid Cases		80		

Symmetric Measures

		Approximate Significance
Interval by Interval	Pearson's R	.397 ^c
Ordinal by Ordinal	Spearman Correlation	.341 ^c
N of Valid Cases		

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on normal approximation.

Gender * Experience_with_arts

Crosstab

			Experience_with_arts			
					Full-time staff of arts organization or in relation	Volunteer worker of arts organization or in relation
			Nil	As Audience		
Gender	Female	Count	2	9	35	3
		Expected Count	3.1	10.1	32.0	3.8
	Male	Count	3	7	16	3
		Expected Count	1.9	6.9	19.0	2.2
Total		Count	5	16	51	6
		Expected Count	5.0	16.0	51.0	6.0

Crosstab

			Total
Gender	Female	Count	49
		Expected Count	49.0
	Male	Count	29
		Expected Count	29.0
Total		Count	78
		Expected Count	78.0

Chi-Square Tests

	Value	df	Asymptotic Significance (2- sided)
Pearson Chi-Square	2.569 ^a	3	.463
Likelihood Ratio	2.518	3	.472
Linear-by-Linear Association	.754	1	.385
N of Valid Cases	78		

a. 4 cells (50.0%) have expected count less than 5. The minimum expected count is 1.86.

Symmetric Measures

		Value	Asymptotic Standard Error ^a	Approximate T ^b
Interval by Interval	Pearson's R	-.099	.120	-.867
Ordinal by Ordinal	Spearman Correlation	-.089	.120	-.776
N of Valid Cases		78		

Symmetric Measures

		Approximate Significance
Interval by Interval	Pearson's R	.389 ^c
Ordinal by Ordinal	Spearman Correlation	.440 ^c
N of Valid Cases		

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on normal approximation.

Gender * Others_Experience_with_arts

Crosstab

			Others_Experience_with_arts		
			Freelancer	Total	
Gender	Female	Count	49	2	51
		Expected Count	49.7	1.3	51.0
	Male	Count	29	0	29
		Expected Count	28.3	.7	29.0
Total	Count		78	2	80
	Expected Count		78.0	2.0	80.0

Chi-Square Tests

	Value	df	Asymptotic Significance (2- sided)	Exact Sig. (2- sided)	Exact Sig. (1- sided)
Pearson Chi-Square	1.166 ^a	1	.280		
Continuity Correction ^b	.112	1	.737		
Likelihood Ratio	1.830	1	.176		
Fisher's Exact Test				.532	.403
N of Valid Cases	80				

a. 2 cells (50.0%) have expected count less than 5. The minimum expected count is .73.

b. Computed only for a 2x2 table

Symmetric Measures^a

	Value
N of Valid Cases	80

a. Correlation statistics are available for numeric data only.

Gender * Question1

Crosstab

			Question1		
			Agree	Disagree	Total
Gender	Female	Count	46	5	51
		Expected Count	45.3	5.7	51.0
	Male	Count	25	4	29
		Expected Count	25.7	3.3	29.0
Total	Count		71	9	80
	Expected Count		71.0	9.0	80.0

Chi-Square Tests

	Value	df	Asymptotic Significance (2- sided)	Exact Sig. (2- sided)	Exact Sig. (1- sided)
Pearson Chi-Square	.295 ^a	1	.587		
Continuity Correction ^b	.031	1	.861		
Likelihood Ratio	.288	1	.592		
Fisher's Exact Test				.716	.421
Linear-by-Linear Association	.291	1	.590		
N of Valid Cases	80				

a. 1 cells (25.0%) have expected count less than 5. The minimum expected count is 3.26.

b. Computed only for a 2x2 table

Symmetric Measures

	Value	Asymptotic Standard Error ^a	Approximate T ^b
Interval by Interval Pearson's R	.061	.115	.537
Ordinal by Ordinal Spearman Correlation	.061	.115	.537
N of Valid Cases	80		

Symmetric Measures

	Approximate Significance
Interval by Interval Pearson's R	.593 ^c
Ordinal by Ordinal Spearman Correlation	.593 ^c
N of Valid Cases	

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on normal approximation.

Gender * Question2

Crosstab

			Question2		
			Agree	Disagree	Total
Gender	Female	Count	47	4	51
		Expected Count	46.5	4.5	51.0
	Male	Count	25	3	28
		Expected Count	25.5	2.5	28.0
Total		Count	72	7	79
		Expected Count	72.0	7.0	79.0

Chi-Square Tests

	Value	df	Asymptotic Significance (2- sided)	Exact Sig. (2- sided)	Exact Sig. (1- sided)
Pearson Chi-Square	.185 ^a	1	.668		
Continuity Correction ^b	.000	1	.987		
Likelihood Ratio	.180	1	.671		
Fisher's Exact Test				.694	.480
Linear-by-Linear Association	.182	1	.670		
N of Valid Cases	79				

a. 2 cells (50.0%) have expected count less than 5. The minimum expected count is 2.48.

b. Computed only for a 2x2 table

Symmetric Measures

		Value	Asymptotic Standard Error ^a	Approximate T ^b
Interval by Interval	Pearson's R	.048	.116	.425
Ordinal by Ordinal	Spearman Correlation	.048	.116	.425
N of Valid Cases		79		

Symmetric Measures

		Approximate Significance
Interval by Interval	Pearson's R	.672 ^c
Ordinal by Ordinal	Spearman Correlation	.672 ^c
N of Valid Cases		

- a. Not assuming the null hypothesis.
- b. Using the asymptotic standard error assuming the null hypothesis.
- c. Based on normal approximation.

Gender * Question3

Crosstab

			Question3		
			Agree	Disagree	Total
Gender	Female	Count	46	5	51
		Expected Count	46.5	4.5	51.0
	Male	Count	27	2	29
		Expected Count	26.5	2.5	29.0
Total		Count	73	7	80
		Expected Count	73.0	7.0	80.0

Chi-Square Tests

	Value	df	Asymptotic Significance (2- sided)	Exact Sig. (2- sided)	Exact Sig. (1- sided)
Pearson Chi-Square	.196 ^a	1	.658		
Continuity Correction ^b	.001	1	.975		
Likelihood Ratio	.202	1	.653		
Fisher's Exact Test				1.000	.501
Linear-by-Linear Association	.193	1	.660		
N of Valid Cases	80				

a. 2 cells (50.0%) have expected count less than 5. The minimum expected count is 2.54.

b. Computed only for a 2x2 table

Symmetric Measures

		Value	Asymptotic Standard Error ^a	Approximate T ^b
Interval by Interval	Pearson's R	-.049	.106	-.437
Ordinal by Ordinal	Spearman Correlation	-.049	.106	-.437
N of Valid Cases		80		

Symmetric Measures

		Approximate Significance
Interval by Interval	Pearson's R	.663 ^c
Ordinal by Ordinal	Spearman Correlation	.663 ^c
N of Valid Cases		

- a. Not assuming the null hypothesis.
- b. Using the asymptotic standard error assuming the null hypothesis.
- c. Based on normal approximation.

Gender * Question4

Crosstab

			Question4		
			Agree	Disagree	Total
Gender	Female	Count	49	2	51
		Expected Count	49.1	1.9	51.0
	Male	Count	28	1	29
		Expected Count	27.9	1.1	29.0
Total		Count	77	3	80
		Expected Count	77.0	3.0	80.0

Chi-Square Tests

	Value	df	Asymptotic Significance (2- sided)	Exact Sig. (2- sided)	Exact Sig. (1- sided)
Pearson Chi-Square	.011 ^a	1	.915		
Continuity Correction ^b	.000	1	1.000		
Likelihood Ratio	.012	1	.914		
Fisher's Exact Test				1.000	.704
Linear-by-Linear Association	.011	1	.915		
N of Valid Cases	80				

a. 2 cells (50.0%) have expected count less than 5. The minimum expected count is 1.09.

b. Computed only for a 2x2 table

Symmetric Measures

	Value	Asymptotic Standard Error ^a	Approximate T ^b
Interval by Interval Pearson's R	-.012	.110	-.106
Ordinal by Ordinal Spearman Correlation	-.012	.110	-.106
N of Valid Cases	80		

Symmetric Measures

	Approximate Significance
Interval by Interval Pearson's R	.916 ^c
Ordinal by Ordinal Spearman Correlation	.916 ^c
N of Valid Cases	

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on normal approximation.

Gender * Question5

Crosstab

			Question5		
			Agree	Disagree	Total
Gender	Female	Count	46	5	51
		Expected Count	47.8	3.2	51.0
	Male	Count	29	0	29
		Expected Count	27.2	1.8	29.0
Total	Count		75	5	80
	Expected Count		75.0	5.0	80.0

Chi-Square Tests

	Value	df	Asymptotic Significance (2- sided)	Exact Sig. (2- sided)	Exact Sig. (1- sided)
Pearson Chi-Square	3.033 ^a	1	.082		
Continuity Correction ^b	1.590	1	.207		
Likelihood Ratio	4.690	1	.030		
Fisher's Exact Test				.153	.098
Linear-by-Linear Association	2.995	1	.084		
N of Valid Cases	80				

a. 2 cells (50.0%) have expected count less than 5. The minimum expected count is 1.81.

b. Computed only for a 2x2 table

Symmetric Measures

		Value	Asymptotic Standard Error ^a	Approximate T ^b
Interval by Interval	Pearson's R	-.195	.046	-1.753
Ordinal by Ordinal	Spearman Correlation	-.195	.046	-1.753
N of Valid Cases		80		

Symmetric Measures

		Approximate Significance
Interval by Interval	Pearson's R	.084 ^a
Ordinal by Ordinal	Spearman Correlation	.084 ^a
N of Valid Cases		

- a. Not assuming the null hypothesis.
- b. Using the asymptotic standard error assuming the null hypothesis.
- c. Based on normal approximation.

Gender * Question6

Crosstab

		Question6			
		Vibrant and Risk-taking Board	Conservative Board that always plays safe	Total	
Gender	Female	Count	42	6	48
		Expected Count	43.0	5.0	48.0
	Male	Count	27	2	29
		Expected Count	26.0	3.0	29.0
Total		Count	69	8	77
		Expected Count	69.0	8.0	77.0

Chi-Square Tests

	Value	df	Asymptotic Significance (2- sided)	Exact Sig. (2- sided)	Exact Sig. (1- sided)
Pearson Chi-Square	.610 ^a	1	.435		
Continuity Correction ^b	.156	1	.693		
Likelihood Ratio	.643	1	.423		
Fisher's Exact Test				.703	.356
Linear-by-Linear Association	.602	1	.438		
N of Valid Cases	77				

a. 2 cells (50.0%) have expected count less than 5. The minimum expected count is 3.01.

b. Computed only for a 2x2 table

Symmetric Measures

		Value	Asymptotic Standard Error ^a	Approximate T ^b
Interval by Interval	Pearson's R	-.089	.104	-.774
Ordinal by Ordinal	Spearman Correlation	-.089	.104	-.774
N of Valid Cases		77		

Symmetric Measures

		Approximate Significance
Interval by Interval	Pearson's R	.442 ^c
Ordinal by Ordinal	Spearman Correlation	.442 ^c
N of Valid Cases		

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on normal approximation.

Gender * Question7

Crosstab

Question7					
			Table and Submit Proposal to cope with operational needs	Follow administrative timeframe even though it may affect operation schedule	Total
Gender	Female	Count	45	5	50
		Expected Count	44.9	5.1	50.0
	Male	Count	25	3	28
		Expected Count	25.1	2.9	28.0
Total	Count		70	8	78
	Expected Count		70.0	8.0	78.0

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	.010 ^a	1	.921		
Continuity Correction ^b	.000	1	1.000		
Likelihood Ratio	.010	1	.921		
Fisher's Exact Test				1.000	.602
Linear-by-Linear Association	.010	1	.921		
N of Valid Cases	78				

a. 1 cells (25.0%) have expected count less than 5. The minimum expected count is 2.87.

b. Computed only for a 2x2 table

Symmetric Measures

		Value	Asymptotic Standard Error ^a	Approximate T ^b
Interval by Interval	Pearson's R	.011	.114	.098
Ordinal by Ordinal	Spearman Correlation	.011	.114	.098
N of Valid Cases		78		

Symmetric Measures

		Approximate Significance
Interval by Interval	Pearson's R	.922 ^c
Ordinal by Ordinal	Spearman Correlation	.922 ^c
N of Valid Cases		

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on normal approximation.

Gender * Question8

Crosstab

Question8

			Allow artists to leave if artistic head is satisfied with rehearsal	Ask artists to stay until designated rehearsal time	Total
Gender	Female	Count	40	11	51
		Expected Count	39.4	11.6	51.0
	Male	Count	21	7	28
		Expected Count	21.6	6.4	28.0
Total		Count	61	18	79
		Expected Count	61.0	18.0	79.0

Chi-Square Tests

	Value	df	Asymptotic Significance (2- sided)	Exact Sig. (2- sided)	Exact Sig. (1- sided)
Pearson Chi-Square	.121 ^a	1	.728		
Continuity Correction ^b	.005	1	.946		
Likelihood Ratio	.120	1	.729		
Fisher's Exact Test				.783	.467
Linear-by-Linear Association	.119	1	.730		
N of Valid Cases	79				

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 6.38.

b. Computed only for a 2x2 table

Symmetric Measures

	Value	Asymptotic Standard Error ^a	Approximate T ^b
Interval by Interval Pearson's R	.039	.114	.344
Ordinal by Ordinal Spearman Correlation	.039	.114	.344
N of Valid Cases	79		

Symmetric Measures

	Approximate Significance
Interval by Interval Pearson's R	.732 ^c
Ordinal by Ordinal Spearman Correlation	.732 ^c
N of Valid Cases	

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on normal approximation.

Gender * Question9

Crosstab

			Question9		
			Allow them to attend other group's performance	Ask them to buy tickets to minimize issuance of complimentary tickets	Total
Gender	Female	Count	49	2	51
		Expected Count	49.1	1.9	51.0
	Male	Count	28	1	29
		Expected Count	27.9	1.1	29.0
Total	Count		77	3	80
	Expected Count		77.0	3.0	80.0

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	.011 ^a	1	.915		
Continuity Correction ^b	.000	1	1.000		
Likelihood Ratio	.012	1	.914		
Fisher's Exact Test				1.000	.704
Linear-by-Linear Association	.011	1	.915		
N of Valid Cases	80				

a. 2 cells (50.0%) have expected count less than 5. The minimum expected count is 1.09.

b. Computed only for a 2x2 table

Symmetric Measures

		Value	Asymptotic Standard Error ^a	Approximate T ^b
Interval by Interval	Pearson's R	-.012	.110	-.106
Ordinal by Ordinal	Spearman Correlation	-.012	.110	-.106
N of Valid Cases		80		

Symmetric Measures

		Approximate Significance
Interval by Interval	Pearson's R	.916 ^c
Ordinal by Ordinal	Spearman Correlation	.916 ^c
N of Valid Cases		

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on normal approximation.

Gender * Question10

Crosstab

Question10					
			Follow industry practice, by central computer record	Count ticket stub	Total
Gender	Female	Count	27	20	47
		Expected Count	29.2	17.8	47.0
	Male	Count	19	8	27
		Expected Count	16.8	10.2	27.0
Total	Count		46	28	74
	Expected Count		46.0	28.0	74.0

Chi-Square Tests

	Value	df	Asymptotic Significance (2- sided)	Exact Sig. (2- sided)	Exact Sig. (1- sided)
Pearson Chi-Square	1.218 ^a	1	.270		
Continuity Correction ^b	.730	1	.393		
Likelihood Ratio	1.238	1	.266		
Fisher's Exact Test				.325	.197
Linear-by-Linear Association	1.201	1	.273		
N of Valid Cases	74				

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 10.22.

b. Computed only for a 2x2 table

Symmetric Measures

		Value	Asymptotic Standard Error ^a	Approximate T ^b
Interval by Interval	Pearson's R	-.128	.113	-1.098
Ordinal by Ordinal	Spearman Correlation	-.128	.113	-1.098
N of Valid Cases		74		

Symmetric Measures

		Approximate Significance
Interval by Interval	Pearson's R	.276 ^c
Ordinal by Ordinal	Spearman Correlation	.276 ^c
N of Valid Cases		

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on normal approximation.

Gender * Question11

Crosstab

			Question11		
			yes	No	Total
Gender	Female	Count	49	2	51
		Expected Count	49.7	1.3	51.0
	Male	Count	29	0	29
		Expected Count	28.3	.7	29.0
Total	Count		78	2	80
	Expected Count		78.0	2.0	80.0

Chi-Square Tests

	Value	df	Asymptotic Significance (2- sided)	Exact Sig. (2- sided)	Exact Sig. (1- sided)
Pearson Chi-Square	1.166 ^a	1	.280		
Continuity Correction ^b	.112	1	.737		
Likelihood Ratio	1.830	1	.176		
Fisher's Exact Test				.532	.403
Linear-by-Linear Association	1.152	1	.283		
N of Valid Cases	80				

a. 2 cells (50.0%) have expected count less than 5. The minimum expected count is .73.

b. Computed only for a 2x2 table

Symmetric Measures

		Value	Asymptotic Standard Error ^a	Approximate T ^b
Interval by Interval	Pearson's R	-.121	.044	-1.074
Ordinal by Ordinal	Spearman Correlation	-.121	.044	-1.074
N of Valid Cases		80		

Symmetric Measures

		Approximate Significance
Interval by Interval	Pearson's R	.286 ^a
Ordinal by Ordinal	Spearman Correlation	.286 ^a
N of Valid Cases		

- a. Not assuming the null hypothesis.
- b. Using the asymptotic standard error assuming the null hypothesis.
- c. Based on normal approximation.

Gender * Question12

Crosstab

Question12					
			Keep Silent	Speak out the truth to embrace principles of best disclosure	Total
Gender	Female	Count	5	46	51
		Expected Count	5.1	45.9	51.0
	Male	Count	3	26	29
		Expected Count	2.9	26.1	29.0
Total		Count	8	72	80
		Expected Count	8.0	72.0	80.0

Chi-Square Tests

	Value	df	Asymptotic Significance (2- sided)	Exact Sig. (2- sided)	Exact Sig. (1- sided)
Pearson Chi-Square	.006 ^a	1	.938		
Continuity Correction ^b	.000	1	1.000		
Likelihood Ratio	.006	1	.938		
Fisher's Exact Test				1.000	.610
Linear-by-Linear Association	.006	1	.939		
N of Valid Cases	80				

a. 1 cells (25.0%) have expected count less than 5. The minimum expected count is 2.90.

b. Computed only for a 2x2 table

Symmetric Measures

		Value	Asymptotic Standard Error ^a	Approximate T ^b
Interval by Interval	Pearson's R	-.009	.113	-.077
Ordinal by Ordinal	Spearman Correlation	-.009	.113	-.077
N of Valid Cases		80		

Symmetric Measures

		Approximate Significance
Interval by Interval	Pearson's R	.939 ^c
Ordinal by Ordinal	Spearman Correlation	.939 ^c
N of Valid Cases		

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on normal approximation.

Occupation * Experience_with_arts

Crosstab

			Experience_with_arts		
				As Audience	Full-time staff of arts organization or in relation
Occupation	Student	Count	0	3	0
		Expected Count	.3	1.0	3.3
	Arts Administrator	Count	3	0	38
		Expected Count	2.6	8.4	26.8
	Work in relation to arts Industry	Count	0	0	8
		Expected Count	.5	1.6	5.2
	Businessman	Count	0	0	0
		Expected Count	.1	.2	.7
	General Administration	Count	0	3	2
		Expected Count	.3	1.0	3.3
	Professional, not in relation to arts	Count	2	10	3
		Expected Count	1.2	3.7	11.8
Total		Count	5	18	51
		Expected Count	5.0	16.0	51.0

Crosstab

		Experience_with...	
		Volunteer worker of arts organization or in relation	Total
Occupation	Student	Count	2
		Expected Count	.4
	Arts Administrator	Count	0
		Expected Count	3.2
	Work in relation to arts Industry	Count	0
		Expected Count	.6
	Businessman	Count	1
		Expected Count	.1
	General Administration	Count	0
		Expected Count	.4
	Professional, not in relation to arts	Count	3
		Expected Count	1.4
	Total	Count	6
		Expected Count	6.0

Chi-Square Tests

	Value	df	Asymptotic Significance (2- sided)
Pearson Chi-Square	71.513 ^a	15	.000
Likelihood Ratio	75.311	15	.000
Linear-by-Linear Association	4.446	1	.035
N of Valid Cases	78		

a. 20 cells (83.3%) have expected count less than 5. The minimum expected count is .06.

Symmetric Measures

		Value	Asymptotic Standard Error ^a	Approximate T ^b
Interval by Interval	Pearson's R	-.240	.147	-2.158
Ordinal by Ordinal	Spearman Correlation	-.267	.148	-2.418
N of Valid Cases		78		

Symmetric Measures

		Approximate Significance
Interval by Interval	Pearson's R	.034 ^c
Ordinal by Ordinal	Spearman Correlation	.018 ^c
N of Valid Cases		

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on normal approximation.

Occupation * Others_Experience_with_arts

Crosstab

			Others_Experience_with_arts :		
			Freelancer	Total	
Occupation	Student	Count	5	1	6
		Expected Count	5.9	.2	6.0
	Artist	Count	0	1	1
		Expected Count	1.0	.0	1.0
	Arts Administrator	Count	41	0	41
		Expected Count	40.0	1.0	41.0
	Work in relation to arts Industry	Count	8	0	8
		Expected Count	7.8	.2	8.0
	Businessman	Count	1	0	1
		Expected Count	1.0	.0	1.0
	General Administration	Count	5	0	5
		Expected Count	4.9	.1	5.0
	Professional, not in relation to arts	Count	18	0	18
		Expected Count	17.6	.5	18.0
	Total	Count	78	2	80
		Expected Count	78.0	2.0	80.0

Chi-Square Tests

	Value	df	Asymptotic Significance (2- sided)
Pearson Chi-Square	45.812 ^a	6	.000
Likelihood Ratio	13.298	6	.039
N of Valid Cases	80		

a. 10 cells (71.4%) have expected count less than 5. The minimum expected count is .03.

Symmetric Measures^a

	Value
N of Valid Cases	80

a. Correlation statistics are available for numeric data only.

Occupation * Question1

Crosstab

			Question1		
			Agree	Disagree	Total
Occupation	Student	Count	4	2	6
		Expected Count	5.3	.7	6.0
	Artist	Count	1	0	1
		Expected Count	.9	.1	1.0
	Arts Administrator	Count	39	2	41
		Expected Count	36.4	4.6	41.0
	Work in relation to arts industry	Count	6	2	8
		Expected Count	7.1	.9	8.0
	Businessman	Count	0	1	1
		Expected Count	.9	.1	1.0
	General Administration	Count	5	0	5
		Expected Count	4.4	.6	5.0
	Professional, not in relation to arts	Count	16	2	18
		Expected Count	16.0	2.0	18.0
Total		Count	71	9	80
		Expected Count	71.0	9.0	80.0

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	14.763 ^a	6	.022
Likelihood Ratio	11.098	6	.085
Linear-by-Linear Association	.441	1	.507
N of Valid Cases	80		

a. 10 cells (71.4%) have expected count less than 5. The minimum expected count is .11.

Symmetric Measures

		Value	Asymptotic Standard Error ^a	Approximate T ^b
Interval by Interval	Pearson's R	-.076	.137	-.662
Ordinal by Ordinal	Spearman Correlation	.006	.129	.057
N of Valid Cases		80		

Symmetric Measures

		Approximate Significance
Interval by Interval	Pearson's R	.510 ^c
Ordinal by Ordinal	Spearman Correlation	.954 ^c
N of Valid Cases		

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on normal approximation.

Occupation * Question2

Crosstab

			Question2		
			Agree	Disagree	Total
Occupation	Student	Count	6	0	6
		Expected Count	5.5	.5	6.0
	Artist	Count	1	0	1
		Expected Count	.9	.1	1.0
	Arts Administrator	Count	38	3	41
		Expected Count	37.4	3.6	41.0
	Work in relation to arts industry	Count	6	2	8
		Expected Count	7.3	.7	8.0
	Businessman	Count	1	0	1
		Expected Count	.9	.1	1.0
	General Administration	Count	5	0	5
		Expected Count	4.6	.4	5.0
	Professional, not in relation to arts	Count	16	2	17
		Expected Count	15.5	1.5	17.0
Total		Count	72	7	79
		Expected Count	72.0	7.0	79.0

Chi-Square Tests

	Value	df	Asymptotic Significance (2- sided)
Pearson Chi-Square	4.143 ^a	6	.657
Likelihood Ratio	4.513	6	.608
Linear-by-Linear Association	.526	1	.468
N of Valid Cases	79		

a. 10 cells (71.4%) have expected count less than 5. The minimum expected count is .09.

Symmetric Measures

		Value	Asymptotic Standard Error ^a	Approximate T ^b
Interval by Interval	Pearson's R	.082	.090	.723
Ordinal by Ordinal	Spearman Correlation	.108	.100	.955
N of Valid Cases		79		

Symmetric Measures

		Approximate Significance
Interval by Interval	Pearson's R	.472 ^c
Ordinal by Ordinal	Spearman Correlation	.343 ^c
N of Valid Cases		

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on normal approximation.

Occupation * Question3

Crosstab

			Question3		
			Agree	Disagree	Total
Occupation	Student	Count	6	0	6
		Expected Count	5.5	.5	6.0
	Artist	Count	1	0	1
		Expected Count	.9	.1	1.0
	Arts Administrator	Count	36	5	41
		Expected Count	37.4	3.6	41.0
	Work in relation to arts industry	Count	8	0	8
		Expected Count	7.3	.7	8.0
	Businessman	Count	0	1	1
		Expected Count	.9	.1	1.0
	General Administration	Count	5	0	5
		Expected Count	4.6	.4	5.0
	Professional, not in relation to arts	Count	17	1	18
		Expected Count	16.4	1.6	18.0
Total		Count	73	7	80
		Expected Count	73.0	7.0	80.0

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	13.186 ^a	6	.040
Likelihood Ratio	9.345	6	.155
Linear-by-Linear Association	.003	1	.957
N of Valid Cases	80		

a. 10 cells (71.4%) have expected count less than 5. The minimum expected count is .09.

Symmetric Measures

		Value	Asymptotic Standard Error ^a	Approximate T ^b
Interval by Interval	Pearson's R	-.006	.079	-.064
Ordinal by Ordinal	Spearman Correlation	-.031	.092	-.275
N of Valid Cases		80		

Symmetric Measures

		Approximate Significance
Interval by Interval	Pearson's R	.957 ^a
Ordinal by Ordinal	Spearman Correlation	.784 ^c
N of Valid Cases		

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on normal approximation.

Occupation * Question4

Crosstab

			Question4		
			Agree	Disagree	Total
Occupation	Student	Count	6	0	6
		Expected Count	5.8	.2	6.0
	Artist	Count	1	0	1
		Expected Count	1.0	.0	1.0
	Arts Administrator	Count	41	0	41
		Expected Count	39.5	1.5	41.0
	Work in relation to arts Industry	Count	8	0	8
		Expected Count	7.7	.3	8.0
	Businessman	Count	1	0	1
		Expected Count	1.0	.0	1.0
	General Administration	Count	4	1	5
		Expected Count	4.8	.2	5.0
	Professional, not in relation to arts	Count	16	2	18
		Expected Count	17.3	.7	18.0
Total		Count	77	3	80
		Expected Count	77.0	3.0	80.0

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	8.581 ^a	6	.199
Likelihood Ratio	8.025	6	.236
Linear-by-Linear Association	4.997	1	.025
N of Valid Cases	80		

a. 10 cells (71.4%) have expected count less than 5. The minimum expected count is .04.

Symmetric Measures

		Value	Asymptotic Standard Error ^a	Approximate T ^b
Interval by Interval	Pearson's R	.251	.076	2.295
Ordinal by Ordinal	Spearman Correlation	.252	.076	2.295
N of Valid Cases		80		

Symmetric Measures

		Approximate Significance
Interval by Interval	Pearson's R	.024 ^c
Ordinal by Ordinal	Spearman Correlation	.024 ^c
N of Valid Cases		

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on normal approximation.

Occupation * Question5

Crosstab

		Question5			
		Agree	Disagree	Total	
Occupation	Student	Count	5	1	6
		Expected Count	5.6	.4	6.0
	Artist	Count	1	0	1
		Expected Count	.9	.1	1.0
	Arts Administrator	Count	37	4	41
		Expected Count	38.4	2.6	41.0
	Work in relation to arts Industry	Count	8	0	8
		Expected Count	7.5	.5	8.0
	Businessman	Count	1	0	1
		Expected Count	.9	.1	1.0
	General Administration	Count	5	0	5
		Expected Count	4.7	.3	5.0
	Professional, not in relation to arts	Count	18	0	18
		Expected Count	16.9	1.1	18.0
Total		Count	75	5	80
		Expected Count	75.0	5.0	80.0

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	4.171 ^a	6	.654
Likelihood Ratio	5.785	6	.448
Linear-by-Linear Association	3.228	1	.072
N of Valid Cases	80		

a. 10 cells (71.4%) have expected count less than 5. The minimum expected count is .06.

Symmetric Measures

		Value	Asymptotic Standard Error ^a	Approximate T ^b
Interval by Interval	Pearson's R	-.202	.090	-1.823
Ordinal by Ordinal	Spearman Correlation	-.211	.069	-1.904
N of Valid Cases		80		

Symmetric Measures

		Approximate Significance
Interval by Interval	Pearson's R	.072 ^c
Ordinal by Ordinal	Spearman Correlation	.061 ^c
N of Valid Cases		

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on normal approximation.

Occupation * Question6

Crosstab

			Question6	
			Vibrant and Risk-taking Board	Conservative Board that always plays safe
Occupation	Student	Count	5	1
		Expected Count	5.4	.6
	Artist	Count	1	0
		Expected Count	.9	.1
	Arts Administrator	Count	37	2
		Expected Count	34.9	4.1
	Work in relation to arts Industry	Count	7	0
		Expected Count	6.3	.7
	Businessman	Count	1	0
		Expected Count	.9	.1
	General Administration	Count	5	0
		Expected Count	4.5	.5
	Professional, not in relation to arts	Count	13	5
		Expected Count	16.1	1.9
Total			Count	69
			Expected Count	69.0

Crosstab

		Total	
Occupation	Student	Count	6
		Expected Count	6.0
	Artist	Count	1
		Expected Count	1.0
	Arts Administrator	Count	39
		Expected Count	39.0
	Work in relation to arts industry	Count	7
		Expected Count	7.0
	Businessman	Count	1
		Expected Count	1.0
	General Administration	Count	6
		Expected Count	5.0
	Professional, not in relation to arts	Count	18
		Expected Count	18.0
Total		Count	77
		Expected Count	77.0

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	8.882 ^a	6	.180
Likelihood Ratio	8.914	6	.178
Linear-by-Linear Association	2.099	1	.147
N of Valid Cases	77		

a. 10 cells (71.4%) have expected count less than 5. The minimum expected count is .10.

Symmetric Measures

		Value	Asymptotic Standard Error ^a	Approximate T ^b
Interval by Interval	Pearson's R	.166	.146	1.460
Ordinal by Ordinal	Spearman Correlation	.182	.139	1.604
N of Valid Cases		77		

Symmetric Measures

		Approximate Significance
Interval by Interval	Pearson's R	.149 ^c
Ordinal by Ordinal	Spearman Correlation	.113 ^c
N of Valid Cases		

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on normal approximation.

Occupation * Question7

Crosstab

Question7

			Table and Submit Proposal to cope with operational needs	Follow administrative timeframe even though it may affect operation schedule
Occupation	Student	Count	5	1
		Expected Count	5.4	.6
	Artist	Count	1	0
		Expected Count	.9	.1
	Arts Administrator	Count	36	4
		Expected Count	35.9	4.1
	Work In relation to arts Industry	Count	8	0
		Expected Count	7.2	.8
	Businessman	Count	1	0
		Expected Count	.9	.1
	General Administration	Count	5	0
		Expected Count	4.5	.5
	Professional, not in relation to arts	Count	14	3
		Expected Count	15.3	1.7
Total		Count	70	8
		Expected Count	70.0	8.0

Crosstab

		Total	
Occupation	Student	Count	6
		Expected Count	6.0
	Artist	Count	1
		Expected Count	1.0
	Arts Administrator	Count	40
		Expected Count	40.0
	Work in relation to arts Industry	Count	8
		Expected Count	8.0
	Businessman	Count	1
		Expected Count	1.0
	General Administration	Count	5
		Expected Count	5.0
	Professional, not in relation to arts	Count	17
		Expected Count	17.0
Total		Count	78
		Expected Count	78.0

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	2.994 ^a	6	.810
Likelihood Ratio	4.329	6	.632
Linear-by-Linear Association	.031	1	.861
N of Valid Cases	78		

a. 10 cells (71.4%) have expected count less than 5. The minimum expected count is .10.

Symmetric Measures

		Value	Asymptotic Standard Error ^a	Approximate T ^b
Interval by Interval	Pearson's R	.020	.136	.174
Ordinal by Ordinal	Spearman Correlation	.015	.130	.133
N of Valid Cases		78		

Symmetric Measures

		Approximate Significance
Interval by Interval	Pearson's R	.862 ^a
Ordinal by Ordinal	Spearman Correlation	.895 ^c
N of Valid Cases		

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on normal approximation.

Occupation * Question8

Crosstab

Question8

			Allow artists to leave if artistic head is satisfied with rehearsal	Ask artists to stay until designated rehearsal time
Occupation	Student	Count	4	2
		Expected Count	4.6	1.4
	Artist	Count	1	0
		Expected Count	.8	.2
	Arts Administrator	Count	33	7
		Expected Count	30.9	9.1
	Work in relation to arts Industry	Count	6	2
		Expected Count	6.2	1.8
	Businessman	Count	1	0
		Expected Count	.8	.2
	General Administration	Count	4	1
		Expected Count	3.9	1.1
	Professional, not in relation to arts	Count	12	6
		Expected Count	13.9	4.1
Total		Count	61	18
		Expected Count	61.0	18.0

Crosstab

		Total	
Occupation	Student	Count	6
		Expected Count	6.0
	Artist	Count	1
		Expected Count	1.0
	Arts Administrator	Count	40
		Expected Count	40.0
	Work in relation to arts industry	Count	8
		Expected Count	8.0
	Businessman	Count	1
		Expected Count	1.0
	General Administration	Count	5
		Expected Count	5.0
	Professional, not in relation to arts	Count	18
		Expected Count	18.0
Total		Count	79
		Expected Count	79.0

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	2.787 ^a	6	.835
Likelihood Ratio	3.141	6	.791
Linear-by-Linear Association	.315	1	.575
N of Valid Cases	79		

a. 10 cells (71.4%) have expected count less than 5. The minimum expected count is .23.

Symmetric Measures

		Value	Asymptotic Standard Error ^a	Approximate T ^b
Interval by Interval	Pearson's R	.064	.126	.559
Ordinal by Ordinal	Spearman Correlation	.092	.121	.813
N of Valid Cases		79		

Symmetric Measures

		Approximate Significance
Interval by Interval	Pearson's R	.578 ^c
Ordinal by Ordinal	Spearman Correlation	.419 ^c
N of Valid Cases		

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on normal approximation.

Occupation * Question9

Crosstab

Question9

Allow them to attend other group's performance

Ask them to buy tickets to minimize issuance of complimentary tickets

Occupation	Student	Count	6	0
		Expected Count	5.8	.2
	Artist	Count	1	0
		Expected Count	1.0	.0
	Arts Administrator	Count	40	1
		Expected Count	39.5	1.5
	Work in relation to arts industry	Count	8	0
		Expected Count	7.7	.3
	Businessman	Count	1	0
		Expected Count	1.0	.0
	General Administration	Count	5	0
		Expected Count	4.8	.2
	Professional, not in relation to arts	Count	16	2
		Expected Count	17.3	.7
Total		Count	77	3
		Expected Count	77.0	3.0

Crosstab

		Total	
Occupation	Student	Count	6
		Expected Count	6.0
	Artist	Count	1
		Expected Count	1.0
	Arts Administrator	Count	41
		Expected Count	41.0
	Work in relation to arts industry	Count	8
		Expected Count	8.0
	Businessman	Count	1
		Expected Count	1.0
	General Administration	Count	5
		Expected Count	5.0
	Professional, not in relation to arts	Count	18
		Expected Count	18.0
Total		Count	80
		Expected Count	80.0

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	3.716 ^a	6	.715
Likelihood Ratio	3.626	6	.727
Linear-by-Linear Association	2.037	1	.153
N of Valid Cases	80		

a. 10 cells (71.4%) have expected count less than 5. The minimum expected count is .04.

Symmetric Measures

		Value	Asymptotic Standard Error ^a	Approximate T ^b
Interval by Interval	Pearson's R	.161	.106	1.437
Ordinal by Ordinal	Spearman Correlation	.153	.115	1.365
N of Valid Cases		80		

Symmetric Measures

		Approximate Significance
Interval by Interval	Pearson's R	.165 ^c
Ordinal by Ordinal	Spearman Correlation	.176 ^c
N of Valid Cases		

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on normal approximation.

Occupation * Question10

Crosstab

Question10

Follow industry
practice, by
central
computer
record

Count ticket
stub

Occupation	Student	Count	2	4
		Expected Count	3.7	2.3
	Artist	Count	1	0
		Expected Count	.6	.4
	Arts Administrator	Count	24	14
		Expected Count	23.6	14.4
	Work in relation to arts Industry	Count	5	2
		Expected Count	4.4	2.6
	Businessman	Count	1	0
		Expected Count	.6	.4
	General Administration	Count	1	3
		Expected Count	2.5	1.5
	Professional, not in relation to arts	Count	12	5
		Expected Count	10.6	6.4
Total		Count	46	28
		Expected Count	46.0	28.0

Crosstab

		Total	
Occupation	Student	Count	6
		Expected Count	6.0
	Artist	Count	1
		Expected Count	1.0
	Arts Administrator	Count	38
		Expected Count	38.0
	Work in relation to arts Industry	Count	7
		Expected Count	7.0
	Businessman	Count	1
		Expected Count	1.0
	General Administration	Count	4
		Expected Count	4.0
	Professional, not in relation to arts	Count	17
		Expected Count	17.0
Total		Count	74
		Expected Count	74.0

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	6.471 ^a	6	.373
Likelihood Ratio	7.037	6	.317
Linear-by-Linear Association	.988	1	.320
N of Valid Cases	74		

a. 10 cells (71.4%) have expected count less than 5. The minimum expected count is .38.

Symmetric Measures

		Value	Asymptotic Standard Error ^a	Approximate T ^b
Interval by Interval	Pearson's R	-.116	.118	-.994
Ordinal by Ordinal	Spearman Correlation	-.100	.117	-.850
N of Valid Cases		74		

Symmetric Measures

		Approximate Significance
Interval by Interval	Pearson's R	.324 ^c
Ordinal by Ordinal	Spearman Correlation	.398 ^c
N of Valid Cases		

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on normal approximation.

Occupation * Question11

Crosstab

		Question11		Total
		yes	No	
Occupation	Student	Count	6	6
		Expected Count	5.9	6.0
	Artist	Count	1	1
		Expected Count	1.0	1.0
	Arts Administrator	Count	41	41
		Expected Count	40.0	41.0
	Work in relation to arts industry	Count	7	8
		Expected Count	7.8	8.0
	Businessman	Count	1	1
		Expected Count	1.0	1.0
	General Administration	Count	4	5
		Expected Count	4.9	5.0
	Professional, not in relation to arts	Count	18	18
		Expected Count	17.6	18.0
Total		Count	78	80
		Expected Count	78.0	80.0

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	11.282 ^a	6	.080
Likelihood Ratio	7.673	6	.263
Linear-by-Linear Association	.520	1	.471
N of Valid Cases	80		

a. 10 cells (71.4%) have expected count less than 5. The minimum expected count is .03.

Symmetric Measures

		Value	Asymptotic Standard Error ^a	Approximate T ^b
Interval by Interval	Pearson's R	.081	.060	.719
Ordinal by Ordinal	Spearman Correlation	.118	.053	1.052
N of Valid Cases		80		

Symmetric Measures

		Approximate Significance
Interval by Interval	Pearson's R	.474 ^c
Ordinal by Ordinal	Spearman Correlation	.296 ^c
N of Valid Cases		

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on normal approximation.

Occupation * Question12

Crosstab

Question12

			Speak out the truth to embrace principles of best disclosure		Total
			Keep Silent		
Occupation	Student	Count	0	6	6
		Expected Count	.6	5.4	6.0
	Artist	Count	0	1	1
		Expected Count	.1	.9	1.0
	Arts Administrator	Count	2	39	41
		Expected Count	4.1	36.9	41.0
	Work in relation to arts industry	Count	2	6	8
		Expected Count	.8	7.2	8.0
	Businessman	Count	0	1	1
		Expected Count	.1	.9	1.0
	General Administration	Count	2	3	5
		Expected Count	.5	4.5	5.0
	Professional, not in relation to arts	Count	2	16	18
		Expected Count	1.8	16.2	18.0
Total		Count	8	72	80
		Expected Count	8.0	72.0	80.0

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	9.109 ^a	6	.168
Likelihood Ratio	7.745	6	.257
Linear-by-Linear Association	2.253	1	.133
N of Valid Cases	80		

a. 10 cells (71.4%) have expected count less than 5. The minimum expected count is .10.

Symmetric Measures

		Value	Asymptotic Standard Error ^a	Approximate T ^b
Interval by Interval	Pearson's R	-.169	.087	-1.613
Ordinal by Ordinal	Spearman Correlation	-.195	.092	-1.760
N of Valid Cases		80		

Symmetric Measures

		Approximate Significance
Interval by Interval	Pearson's R	.134 ^c
Ordinal by Ordinal	Spearman Correlation	.082 ^c
N of Valid Cases		

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on normal approximation.

